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TRADE AND DEVELOPMENT BOARD

Intergovernmental Group on the
Least Developed Countries
Seventh Session
(Preparatory Committee for the Second
United Nations Conference on the
Least Developed Countries) */
Geneva, 26 March 1990
Item 2 of the provisional agenda

ADOPTION OF THE AGENDA AND ORGANIZATION OF WORK

I. PROVISIONAL AGENDA

1. Election of officers

2. Adoption of the agenda and organization of work

3. Substantive preparation for the Conference

4. Provisional agenda for the Second United Nations Conference on the Least Developed Countries

5. Provisional rules of procedures for the Conference

6. Organization of work of the Conference

7. Other business

8. Adoption of the report of the Intergovernmental Group.

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*/ General Assembly resolution 42/177, paragraph 1, designated the Intergovernmental Group to act as the Preparatory Committee for the Second United Nations Conference on the Least Developed Countries.

GE.90-50240/5262A

II. ANNOTATIONS TO THE PROVISIONAL AGENDA

Introduction

1. The seventh session of the Intergovernmental Group on the Least Developed Countries will be convened from 26 March-6 April 1990 pursuant to paragraph 1 (d) of General Assembly resolution 42/177. The Intergovernmental Group will serve as the Preparatory Committee for the Second United Nations Conference on the Least Developed Countries to be held in Paris in September 1990. The terms of reference of the Intergovernmental Group as set out in General Assembly resolution 42/177 is as follows:

(a) Substantive preparation for the Conference on the basis of the report of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, and of all other relevant inputs;

(b) Provisional agenda for the Second United Nations Conference on the Least Developed Countries;

(c) Provisional rules of procedure for the Conference;

(d) Organization of work of the Conference.

Item 1: Election of officers

At its first session, in July 1975, the Intergovernmental Group agreed to follow, as appropriate, the rules of procedure of the Trade and Development Board. 1/ Under rule 64, paragraph 3, of the rules of procedure, each subsidiary organ shall elect its own officers. In accordance with past practice, the Intergovernmental Group may wish to elect a Chairman, five Vice-Chairmen and a Rapporteur, taking into account the need to ensure an equitable geographical distribution.

Item 2: Adoption of the agenda and organization of work

The provisional agenda has been drawn up on the basis of the terms of reference given to the Intergovernmental Group by General Assembly resolution 42/177.

The secretariat will make suggestions for the organization of work and a tentative timetable of meetings at the beginning of the session.

Item 3: Substantive preparation for the Conference

The Intergovernmental Group on the Least Developed Countries is expected to consider the substantive preparation of the Conference on the basis of the report of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, and of all other relevant inputs.

For the consideration of this item the Intergovernmental Group will have before it the following documentation:

(a) Report of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries, held from 22 to 31 May 1989 (A/CONF.147/DR/6-A/CONF.147/PC/2-TD/B/AC.17/30)

The purpose of the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries was to provide substantive inputs to the Conference. General Assembly resolution 42/177 specified that the results of the deliberations of the meeting would be reported to the Conference through the Intergovernmental Group.

(b) Elements for a Programme of Action for the Least Developed Countries for the 1990s: Note prepared by the UNCTAD secretariat (A/CONF.147/PC/5-TD/B/AC.17/33)

After presenting a brief assessment of the record of the 1980s and drawing lessons therefrom, the Note puts forward suggestions for future action by both the LDCs themselves and the international community. The following issues are covered in the Note: basic principles that should guide a programme of action for the 1990s, the global framework (macro-economic policies and international support measures), mobilizing human capacities in LDCs, modernization and integration of the productive base, and arrangements for follow-up, monitoring and review.

(c) Contributions from United Nations organizations and other competent international and regional organizations (A/CONF.147/AC.3-TD/B/AC.17/31 and addenda)

Contributions from United Nations organizations and other competent international and regional organizations will be available to the Intergovernmental Group in accordance with paragraph 4 of General Assembly resolution 42/177. Contributions from these organizations contain a review, within their fields of competence, of the implementation of the Substantial New Programme of Action for the 1980s for the Least Developed Countries and make proposals for future action as an input to the preparations for the Conference.

(d) Country presentations by Governments of least developed countries

Contributions by Governments of the least developed countries have been made pursuant to paragraph 3 of General Assembly resolution 42/177.

(e) Background documents:

(i) Reports of sectoral meetings:

- Report of the Meeting of Eminent Persons on the Least Developed Countries held at the Hague, 15-16 September 1988 (UNCLDC II/1)

- Report of the High-level Experts' Meeting on the Role of the Enterprise Sector in the Development of the Least Developed Countries, held at Helsinki, 4-6 April 1989 (UNCLDC II/2);

- Report of the Meeting on the Role of Non-Governmental Organizations in the Development of the Least Developed Countries, held at Kathmandu, 8-10 November 1989 (UNCLDC II/3);

(ii) The Least Developed Countries 1989 Report;

(iii) Trade and Development Report, 1989 (UNCTAD/TDR/9), part two.

(iv) Contributions from United Nations organizations and other competent international and regional organizations which were submitted to the Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries held in May 1989 (A/CONF.147/DR/3/Add.1-18);

(v) Aid co-ordination and effectiveness: least developed countries 1981-1989, study by UNCTAD consultants D.R. Panday and M. Williams (A/CONF.147/PC/6-TD/B/AC.17/34).

Item 4: Provisional agenda for the Second United Nations Conference on the Least Developed Countries

The provisional agenda for the Second United Nations Conference on the Least Developed Countries contained in A/CONF.147/PC/L.1-TD/B/AC.17/L.28 was prepared by the UNCTAD secretariat on the basis of the mandate given in paragraph 1 of General Assembly resolution 42/177.

Item 5: Provisional rules of procedure for the Conference

The provisional rules of procedure for the Conference are contained in A/CONF.147/PC/4-TD/B/AC.17/32. The text contains standard rules applicable to all Conferences which are held under the auspices of the United Nations.

Item 6: Organization of work of the Conference

The Intergovernmental Group may wish to prepare an organization of work and tentative timetable for the Conference.

Item 8: Adoption of the report of the Intergovernmental Group

The report of the Intergovernmental Group will be submitted to the Second United Nations Conference on the Least Developed Countries which will be held in Paris, from 3-14 September 1990.

Notes

1/ The rules of procedure of the Trade and Development Board are contained in TD/B/16/Rev.4.

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TRADE AND DEVELOPMENT BOARD

Intergovernmental Group on the
Least Developed Countries
Seventh session
Geneva, 26 March 1990

SECOND UNITED NATIONS CONFERENCE ON THE LEAST DEVELOPED COUNTRIES

Preparatory process for the Conference

REPORT OF THE MEETING OF GOVERNMENTAL EXPERTS OF DONOR COUNTRIES AND MULTILATERAL AND BILATERAL FINANCIAL AND TECHNICAL ASSISTANCE INSTITUTIONS WITH REPRESENTATIVES OF THE LEAST DEVELOPED COUNTRIES

Held at the Palais des Nations, Geneva,
from 22 to 31 May 1989

GE.89-55813/0862B

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INTRODUCTION

1. The Meeting of Governmental Experts of Donor Countries and Multilateral and Bilateral Financial and Technical Assistance Institutions with Representatives of the Least Developed Countries was held at the Palais des Nations, Geneva, from 22 to 31 May 1989. The meeting was convened pursuant to General Assembly resolution 42/177, as a first step in the preparatory process leading to the Second United Nations Conference on the Least Developed Countries (scheduled for September 1990).

2. In the course of its session, the Meeting of Governmental Experts held 10 plenary meetings. This report gives a brief account of the proceedings of those meetings and of the outcome of the work of the two Working Groups established by the Meeting of Experts to consider specific issues under agenda items 3, 4 and 5.

Opening statement by the Secretary-General of UNCTAD

3. In his opening statement, the Secretary-General of UNCTAD stated that the meeting provided an opportunity for representatives of the LDCs and the international donor community to share their respective evaluations of the implementation of the Substantial New Programme of Action for the Least Developed Countries for the 1980s (SNPA) and to give, on the basis of past experience, policy orientations and options regarding the measures on which intergovernmental agreement would be sought at the Second United Nations Conference on the Least Developed Countries in Paris in September 1990.

4. Referring to the documentation prepared for the meeting, which analysed the structural handicaps afflicting the LDCs internally and externally, he pointed out that the persistence of intolerable conditions in these countries, which had an average GDP per capita of only one thirteenth of the world average despite a decade of national and international efforts, called for intensified action in the decade ahead. Among the range of policy options set out in the documentation, he identified two themes which would undoubtedly find their place in the Paris Conference package, namely the adequacy of external development finance for LDCs and the need for appropriate national policies. With regard to the former, a "recovery strategy" leading to an average GDP growth in the LDCs of 6 per cent per annum in the 1990s would imply significant improvements both in domestic savings rates and in donors' performance, including raising donors' ODA/GNP ratios to 0.2 per cent by the end of the 1990s. With respect to the debt overhang, he recommended that the most favourable relief options for low-income countries elaborated by the Toronto Summit be made available to all LDCs, and that further measures be worked out to reduce LDC debt held by multilateral financial institutions, which accounted for one third of the LDCs' total external debt. Furthermore, he suggested that the forthcoming Group of 7 Paris Summit might take early action on these issues.

5. Turning to the need for appropriate national policies tailored to the particular characteristics and objectives of each LDC, he said that the impact of national policy changes on growth and development in LDCs had been

generally meagre. Drawing on individual country experiences, the meeting could discuss ways in which policy instruments such as exchange-rate régimes, trade promotion measures, price incentives and subsidies, as well as monetary and fiscal policies, could be used in a manner fully conducive to long-term development and social welfare, while giving due consideration to the impact on such policies of exogenous factors.

6. Referring to the continuing degradation of the ecological resource base of the LDCs, he said that this was a typical problem of poverty and underdevelopment. It could only be solved in the context of national objectives for growth and development through intensified national effort and international support, free from exogenous criteria or conditionality.

7. In conclusion, he urged participants to bear in mind the human realities underlying the issues being addressed. There could not be mutual conditionality between support provided by multilateral co-operation and LDCs' national development efforts when the respective economic capacities were so unequal. Solidarity must therefore remain an essential ingredient of international action.

Chapter I

ASSESSMENT OF PROGRESS IN THE SOCIO-ECONOMIC SITUATION OF THE LEAST DEVELOPED COUNTRIES DURING THE 1980s IN THE LIGHT OF ONGOING NATIONAL AND INTERNATIONAL MEASURES
(Agenda item 3)

CONSIDERATION OF THE REQUIREMENTS OF THE LEAST DEVELOPED COUNTRIES THAT ARE OF PARTICULAR RELEVANCE TO THEIR DEVELOPMENT AND THAT CALL FOR STRENGTHENED EFFORTS DURING THE 1990s
(Agenda item 4)

CONSIDERATION AND IDENTIFICATION OF APPROPRIATE NATIONAL AND INTERNATIONAL MEASURES FOR ACCELERATING THE DEVELOPMENT PROCESS IN THE LEAST DEVELOPED COUNTRIES DURING THE 1990s
(Agenda item 5)

8. For its consideration of agenda items 3, 4 and 5 the Meeting of Governmental Experts had before it the following documentation:

"Self-sustained growth and accelerated development for the least developed countries during the 1990s: issues for consideration", note by the UNCTAD secretariat (A/CONF.147/DR/2);

"Second United Nations Conference on the Least Developed Countries: contributions by organizations of the United Nations system" (A/CONF.147/DR/3 and addenda);

(This document transmitted reports prepared by organs, organizations and bodies of the United Nations system in pursuance of paragraph 4 of General Assembly resolution 42/177).

"Second United Nations Conference on the Least Developed Countries" - note by the UNCTAD secretariat transmitting the Declaration by the Conference of Ministers of African Least Developed Countries, circulated to the meeting at the request of the Economic Commission for Africa.

In addition, the following documents were made available to the Meeting of Governmental Experts as background material:

- Report of the Meeting of the Eminent Persons on the Least Developed Countries (The Hague, 15-16 September 1988) (UNCLDC II/1);

- Report of the High-Level Experts' Meeting on the Role of the Enterprise Sector in the Development of the Least Developed Countries (Helsinki, 4-6 April 1989) (UNCLDC II/2);

- The Least Developed Countries 1988 Report (TD/B/1202).

9. The Chief of the Special Programme for Least Developed, Land-locked and Island Developing Countries, speaking also in his capacity as Executive Secretary of the Second United Nations Conference on the Least Developed

Countries, recalled that the Meeting of Governmental Experts was the first of the two major meetings which the General Assembly had decided to convene in preparation for the 1990 Conference in Paris. Its outcome would therefore certainly influence the course of the whole preparatory process. Referring to the issues note prepared by the UNCTAD secretariat (A/CONF.147/DR/2), he said that the note concluded in particular that the 1980s had witnessed little progress in the improvement of socio-economic conditions of the LDCs as a whole. The poor performance had occurred despite the major policy reforms launched since the late 1970s and early 1980s and despite significant efforts made by donors in areas such as ODA, debt relief and commercial policy measures. Further efforts by both the LDCs and the development partners were therefore required. The secretariat note outlined a number of proposals on the issues at stake and the broad policy options available.

A. Statements by regional groups and countries

10. The spokesman for the OECD-donor countries invited to the meeting (Denmark) observed that the task of the meeting was to assess progress in the socio-economic situation of the least developed countries in the 1980s and to consider requirements and appropriate national and international measures during the 1990s in order to provide a substantive input to the preparations for the Second United Nations Conference on the Least Developed Countries scheduled for September 1990. The objective was to identify points of convergence, and thereby to establish the overall perspective by which the combined preparatory process could be guided.

11. The disappointing performance of most LDCs during the 1980s was due to national deficiencies as well as to developments in the international economic situation, including fluctuations in commodity prices. His group found the UNCTAD secretariat's analysis of the effects of policy reforms undertaken by more than half of the LDCs too simplistic. The donor countries firmly believed that only through policy reform could the least developed countries develop the capacity to withstand the shocks from an unfavourable economic environment and indeed to take full advantage of the possibilities offered by the international economy. The commitment of a number of these countries to structural adjustment programmes and policy changes was a positive sign and should be encouraged. These programmes and policies must be seen as part of a long-term development approach, and his group fully recognized the need to take into account their social impact, especially on vulnerable groups. However, structural adjustment was only a beginning; it was not in itself the answer to the development challenges facing the least developed countries. Management problems must be overcome and fundamental problems relating to issues such as population growth and the agricultural sector must be properly addressed. Mass poverty, which was likely to remain the most fundamental problem in the least developed countries throughout the 1990s, must be given high priority. The objective of incorporating environmental considerations into economic and social policies and planning must be attained. Education and training, which were often pointed to as the key to economic growth and social progress, must also be considered as a priority area, along with the private sector which must be given a much more important role as an engine of growth.

12. There was no doubt that the least developed countries had the primary responsibility for their own overall development, although they depended on support from the international community in order to fulfil that responsibility. Official development assistance (ODA) was thus crucial to them. For many LDCs, ODA had grown in real terms from 1980 to 1987, as compared to a slight decrease in real terms of total aid flows to all developing countries. Aid volume was a principal indicator of the support provided by the donor community that should be supplemented by the concepts of aid effectiveness and absorption capacity in view of weak administrative and physical infrastructure in most LDCs.

13. Despite the serious debt problems facing the least developed countries, it was encouraging to note the developments with regard to alleviation of the debt burden arising from bilateral ODA-debt. As to the rescheduling of official debt within the framework of the Paris Club, his group believed that the agreement reached at the Toronto Summit and announced during the meetings in Berlin (West) in September 1988 was indeed a breakthrough in the approach to debt-service relief for the poorest countries. The same could be said with regard to the World Bank reserve fund to be financed by part of IDA inflows.

14. Finally, he said that the donor countries urged the UNCTAD secretariat to work closely with UNDP and the World Bank in the further preparations for the Paris Conference, in order to draw fully on the concrete experience and prospects at the country level.

15. The spokesman for Group D (USSR) stated that the Group D countries constantly took an active part in the consideration of the problems of the LDCs and in working out measures for their solution. Recalling the contribution of his Group to the work of the previous meetings on the LDCs, he said that Group D considered the current Meeting of Governmental Experts not as an isolated event, but rather as one more important step in the analysis of the problems of the LDCs and in identification of areas where additional efforts were needed to improve the situation of those countries and to prepare for the Second United Nations Conference on the Least Developed Countries. The problem of overcoming underdevelopment was closely connected with measures for confidence building, with more stable and more predictable international economic relations, with the strengthening of international economic security, and with a solution of the global problem of external debts on the basis of a broad international dialogue that took account of the interest of all countries - both donors and recipients. The efforts of the United Nations and, in particular, of UNCTAD and other multilateral organizations, including non-governmental organizations, were particularly important in this regard, as were the contributions of individual countries.

16. Group D was of the view that, in many respects, the objectives and aims of the SNPA had not been implemented. The reason was to be found both in the internal conditions of many LDCs and in the external environment, which had been extremely unfavourable to the LDCs. The socio-economic deterioration of some of them had attained extreme limits. Aggregate growth in the LDCs was low compared with the level in other countries and with the aims proclaimed at the beginning of the 1980s.

17. In the light of the SNPA, the recommendations of the Mid-Term Review and the relevant provisions of the Final Act of UNCTAD VII, the Group D countries continued to support the actions of the international community aimed at overcoming the underdevelopment of the LDCs and at promoting their progressive economic and social development. In spite of the fact that some of the Group D countries faced difficulties in their own economic development in the 1980s, they had continued as far as possible their assistance to the LDCs, mainly through a broad economic co-operation. In the 1980s this co-operation had witnessed a certain widening of its geographical and institutional basis. Most of the Group D countries had created through their national GSP schemes the necessary conditions for free access to their markets for exports from the LDCs and they were continuing to perfect their schemes.

18. He said that the Group D countries' technical and economic co-operation with the LDCs was concentrated in areas which promoted their self-reliant growth, helped to overcome the structural deficiencies of their economies, and developed their human resources, including qualified personnel. In the framework of the Group D countries' co-operation with the LDCs, attention was paid to the question of alleviation of the problem of instability of export revenues of the latter. At the same time Group D clearly realized the necessity for further improvement of trade and economic co-operation with the LDCs, and for the search for new forms and methods that would meet more fully the challenges and realities of present-day international economic relations and would be better suited to the new political and economic thinking.

19. The spokesman for the least developed countries (Bangladesh) stated that the 400 million people living in the LDCs would remember the 1980s as a decade of crisis, depression and lost opportunities. Progress had all but come to a halt and in many cases there had been a retreat. Malnutrition, hunger, high levels of infant mortality, disease and widespread illiteracy had continued to stalk the LDCs and had accelerated their impoverishment.

20. It should be recognized that, in spite of unprecedented and formidable development setbacks and constraints, major and far-reaching policy reforms had been initiated by and in the LDCs. The reforms aimed at reducing or sustaining their budgetary and balance-of-payments deficits, mobilizing all available domestic resources, improving utilization of resources and enhancing contributions of all important sectors of their economies to GDP. Many LDCs had implemented stabilization programmes in agreement with IMF; others had adopted major reform programmes under the aegis of the World Bank.

21. The 1980s would also go down in history as the decade that highlighted for the LDCs the importance of the external environment for their economic development as well as their vulnerability to external shocks. They recognized in particular that, in terms of donors' performance, sustained efforts had been made by many developed countries during the 1980s and the major part of the development resources for LDCs continued to come from their development partners. However, the resource flows had remained inadequate throughout the decade compared to the resource requirements for sustained long-term development of the LDCs. The 1980s had also witnessed the LDCs' struggle against their rising debt burden, which had crossed a critical threshold with their debts representing over 60 per cent of their GDP and

service payments absorbing over 30 per cent of their exports of goods and services. The decline in the prices of commodities exported by the LDCs had no doubt helped to worsen their overall situation in so far as they had suffered an average loss of no less than $370 million per annum throughout the decade due to such shortfalls.

22. While the LDCs recognized that the tasks ahead were not easy, they were ready to make the required development efforts to break the self-perpetuating cycle of poverty. To achieve this goal the LDCs intended to embark on a short-term priority plan consisting of the rehabilitating and restructuring of their economies without impairing their medium- and long-term development plans. Poverty alleviation and priority to the poorest sectors of their populations would also be an integral part of this short-term priority. In the longer term the LDCs intended to accelerate the structural transformation of their economies. They also intended to give priority to the development of human resources, the increasing involvement of women in the nation-building activities and the attainment of the objectives of a cleaner environment.

23. Although the success of the LDCs' development programmes during the next decade would depend primarily on their own efforts, the LDCs would still continue to depend significantly on a supportive economic environment and adequate support by the international community for the success of their development efforts. The restoration of growth in the LDCs would require, inter alia, a substantial increase in development assistance and there was an obvious need for ODA to move towards the agreed target of 0.15 per cent of the donor nations' GNP or a doubling of such aid where this had not been done. There was also an imperative necessity to promote a consensus on a more fundamental approach to the problem of debt of the LDCs. A significant step had been taken by the Toronto Summit and the LDCs hoped for further similar steps. In any case, the LDCs wished to call for a decisive reduction of the overall debt stock, at least to the point where their economies could grow out of their indebtedness.

24. Finally, he said that the LDCs also wished to highlight, inter alia, the importance of adequate compensation to the LDCs for the shortfalls in their export earnings due to fluctuations, in order to remove the obstacles to their growth. They also underscored the importance of reversing the trend towards a resurgence of protectionism and the need for increased market access for LDCs' exports. Finally, the LDCs expressed the hope that, during the Meeting of Governmental Experts, a high degree of pragmatism would be displayed by all concerned to address the interrelated nature of LDCs' problems, the requirements for the LDCs and the actions needed to fulfil them within the framework of a new agreed plan of action.

25. The representative of the United Kingdom said that the situation of many of the poorest least developed countries remained serious and their immediate prospects bleak. The international community could not afford to let slip the opportunities offered by the Second United Nations Conference on the Least Developed Countries. The non-negotiating, non-binding nature of the Meeting of Governmental Experts should be particularly helpful in preparing for that Conference.

26. Much had changed in the world since the adoption of the first SNPA in 1981. The United Kingdom was committed to maintaining a substantial aid programme. This now stood at £1,430 million, was rising in real terms and was due to reach £1,574 million in 1991/92. About 40 per cent of this was channelled through multilateral organizations, much to the poorest countries. The primary focus of Britain's bilateral aid, which accounted for the remaining 60 per cent was also the poorest. All the United Kingdom's aid to low-income countries was provided on grant terms. The programme had adapted to changing circumstances since 1981. The United Kingdom had, for example, made the largest single contribution to the interest subsidy account of the IMF's new Enhanced Structural Adjustment Facility. The United Kingdom had also taken the initiative in 1987 which formed the basis of the Toronto debt relief consensus.

27. It was the view of the United Kingdom that appropriate national and international measures for accelerating the development of the LDCs could only be identified through a detailed assessment of progress made in the 1980s. It would be necessary to strike a right balance between action by donors and action by recipients in the measures identified. It was also important that careful consideration be given to the quality of aid.

28. The representative of the USSR stated that, in spite of national and international efforts, most LDCs had not reached the development targets of the SNPA. Having explained the views of his delegation on the main reasons for this unsatisfactory situation, he expressed complete support for the UNCTAD secretariat idea that a comprehensive set of national and international policies and measures in the 1990s should be directed, firstly, to stopping the worsening of the socio-economic situation in the LDCs and, secondly, to providing an appreciable improvement in the quality of life for all LDC populations by the year 2000.

29. He said that the Soviet Union was one of the leading commercial and economic partners of the LDCs. He noted that in 1981-1988 the trade turnover of the USSR with the LDCs had increased by 30 per cent. During the 1980s, the USSR assistance to the social and economic development of these countries had been about 0.2 per cent of its GNP. Bearing in mind the debt problem of the LDCs, the USSR had granted deferment of the payment of the debts of some LDCs during the 1980s. Now the USSR, as Mr. Mikhail Gorbachev had said at the forty-third session of the United Nations General Assembly, "is prepared to establish a long-term (up to 100 years) moratorium on the repayment of this debt by the least developed countries, and to write it off completely in a number of cases".

30. The Soviet Union paid very close attention to the problems of the effectiveness of its trade, economic and technical co-operation with LDCs, and to the diversification of forms and methods of this co-operation. His country would contribute to the preparation and the organization of the Second United Nations Conference on the Least Developed Countries, which was oriented towards the elaboration and adoption of mutually acceptable and balanced decisions concerning national and international measures for the acceleration of the development of the LDCs in the 1990s.

31. The Chairman of the High-Level Experts' Meeting on the Role of the Enterprise Sector in the Development of the Least Developed Countries (Helsinki, 4-6 April 1989), describing the outcome of that meeting, said that entrepreneurship had received heightened attention in the past few years. While many complex forces were at work in the LDCs, economic policies and institutions could help human energies to flower and the encouragement of private initiatives could contribute to achieving sustainable development. He also noted that the need to promote the enterprise sector had been free of ideological undertones, as witnessed by a recent General Assembly resolution. Since the private sector in the LDCs was made up largely of small- and medium-size enterprises, its development could be vital for expanding employment opportunities. The income-generating function of small enterprises in rural areas was particularly notable. He was convinced of the important role that women should play in developing the enterprise sector, especially in the informal rural sector.

32. Turning to international action, he stated that support was needed in the area of institution-building to help overcome the constraints to enterprise development that stemmed from underdevelopment. Other support areas included technical assistance to strengthen human resource development in the LDCs, the development of indigenous financial markets and the role of direct foreign investment, as well as strengthening information flows.

33. The representative of the German Democratic Republic, welcoming the convening of the Second United Nations Conference on the Least Developed Countries in 1990, said that the inadequate standards of living which persisted in the LDCs continued to be a cause of deep concern to the international community. He emphasized that the participation of his country in the meeting should be considered as part of its contribution to the implementation of General Assembly resolution 43/186, whereby all Governments were called upon to participate effectively in the current meeting. He recognized that the objectives of the SNPA had not been attained and that crisis phenomena - growing protectionism and discrimination, worsening terms of trade for the LDCs and increasing foreign indebtedness - hampered the LDCs' social and economic development.

34. The German Democratic Republic, in its co-operation with LDCs, was guided by a comprehensive understanding of the factors hampering prompt social and economic development in those countries. Of course, each country bore primary responsibility for its own economic and political development and had the right to adopt its own economic, social and political system. The success of the LDCs' development programmes was therefore heavily dependent on those countries' own efforts, but they nevertheless required adequate support from the international community, in particular through multilateral co-operation. In that connection, his Government was convinced that any progress in disarmament would be conducive to the improvement of the international political climate and to the revitalization of development, growth and international trade in a more predictable and supportive environment.

35. Finally, it was a basic principle of his country's foreign policy to actively support developing countries, including LDCs, in their just struggle

for social and economic progress, and its economic co-operation with those countries was based on such principles as mutual benefit, common interests, equality and non-discrimination.

36. The representative of Bhutan said that the targets set in the SNPA had not yet been achieved and that the adverse external economic environment had continued to be the main impediment to the development process of the developing countries. Primary responsibility for development lay with the countries concerned, and the LDCs had undertaken measures at great social and economic cost, but those measures had resulted in a further slowing down of economic growth because of the lack of adequate corresponding measures from the international community. The economies of the LDCs were so fragile that any serious impact on them set the development process back many years.

37. Since 1961, Bhutan had been able to establish a rudimentary infrastructure and had also introduced substantial changes in the structure of government. Emphasis had been placed, inter alia, on educating and training technical and administrative manpower and modernizing the tax system. A major thrust of the Sixth Plan was to bring about more equitable development. Bhutan had thus already done a great deal and was trying to do even more, but appropriate international action was an absolute necessity for further development and sustained growth.

38. His country reiterated its commitment to and support for the goals, objectives and targets of the SNPA. However, it was essential that the volume of ODA should be adequate to meet the substantially increased needs of the LDCs. Furthermore, national efforts alone were not sufficient to overcome the adverse socio-economic conditions facing the LDCs, and it was hoped that the forthcoming United Nations Conference on LDCs would adopt a comprehensive programme of action for the next decade.

39. While supporting many of the ideas expressed in the UNCTAD secretariat's paper, certain priority areas required international assistance. They included ODA, which would continue to play a decisive role in the LDCs; the growing debt burden, which had become a major strain on the economies of the LDCs; the question of improved market access for LDCs' export products to allow sustained development and enable them to meet their growing import needs and debt service obligations; instability in earnings from commodity exports; and the special problems of the land-locked and island developing countries.

40. The representative of Sudan expressed deep disappointment at the results achieved thus far in the implementation of the SNPA, as they fell short of all expectations. Although the overwhelming majority of LDCs had exerted tremendous efforts and had demonstrated their firm commitment to the structural adjustment programmes they were implementing at high economic, social and political cost, regrettably the donor community's response, both bilateral and multilateral, had been totally inadequate. Unless the negative factors, such as the continuing decline of the price of commodities, the increasing cost of manufactured products and the problem of debt, were firmly addressed, the prospects for halting the persistent deterioration in the LDCs' situation, let alone reviving the development process, would be very bleak indeed.

41. In the Sudan, the devastating natural disasters which had occurred, including drought, desertification and floods, supplemented by internal political strife in the southern region, had forced the Government to shift its priorities from development plans to immediate short-term relief and rehabilitation programmes. However, a new four-year recovery and development programme had now been launched, with the objective of alleviating poverty through a comprehensive package of integrated rural development programmes and achieving food security in this area. The development programme was the product of a national consensus designed to ensure the maximum mobilization of domestic resources in the development process, as well as the widest possible participation of the population, particularly in the rural areas.

42. While the Sudan's new recovery and development programme was now under way, he stressed the need for international political support for the new action programme for the LDCs, which should be sharply focused on specific priorities and should be action-oriented.

43. The representative of Japan said that his country recognized the grim fact that the socio-economic situation of the LDCs in general had deteriorated in the 1980s, in spite of the efforts made by themselves and the co-operation extended to them by the international community. It was nevertheless encouraging that some of these countries had achieved reasonable growth in recent years. On the general strategy of assistance, he felt that grouping all the LDCs in one single cluster and discussing the remedies for their economic difficulties was not a realistic approach.

44. He recalled that in June 1988 Japan had announced its Fourth Medium-Term Target for ODA, one of the main aims of which was to double the assistance to the order of $US 50 billion during the five years from 1988 to 1992. He added that in 1986, Japan had achieved the SNPA target of doubling the amount of its ODA to the LDCs, thus responding almost on time to the recommendation of the SNPA. In 1987, Japan's ODA to the LDCs on a disbursement basis had soared to $US 595 million, which was a 95.6 per cent increase over that of the preceding year. He also referred to the "Emergency Economic Measures" announced in May 1987 and to the contribution being made through the international institutions. On debt, he said that about $US 5.5 billion owed to Japan by LDCs was to be integrated into the existing relief measures; and in the area of trade, Japan had given duty-free and ceiling-free treatment to the LDCs with respect to all products covered by the Japanese GSP scheme without exception.

45. The representative of Bangladesh said that the 1980s had not only witnessed a deterioration in the economic plight of the LDCs, but also an enlargement of the group from 31 countries in 1981 to 42 in 1988. There had been a decline of economic performance on all fronts as a result of both external and domestic factors. In Bangladesh, poverty was widespread and close to 45 per cent of the population were below the internationally defined poverty line. The situation had worsened during the 1980s because of a series of national calamities such as drought, floods and cyclones, which had devastated the socio-economic infrastructure.

46. He stated that the measures taken by his Government included the launching of an adjustment programme, a food production plan, the introduction of land reforms, and various incentives to promote exports. Despite these measures, Bangladesh continued to face serious constraints to its growth and development, and still greater assistance was required to support domestic efforts. He emphasized the mounting debt problem and said that debt outstanding stood at about $US 9.5 billion, which was slightly over 60 per cent of the country's GDP. The debt servicing at current levels accounted for about 30 per cent of the country's import earnings. Therefore, debt reduction and debt alleviation measures would naturally be of vital importance to Bangladesh.

47. Outlining the programmes and priorities for the 1990s, he said the alleviation of poverty through the generation of employment would be the most important objective. Sustained efforts would be made to increase public and private savings in order to meet the domestic resource requirements of the investment programme worked out for the 1990s. In the public sector, efforts would be strengthened to increase the efficiency and productivity of the tax system, improve performances of the parastatal corporations, create greater austerity in recurrent expenditure and more efficient allocation and utilization of resources.

48. The representative of France stated that the fact that his country would be hosting the Second United Nations Conference on the Least Developed Countries was both an honour and a grave responsibility. His Government was already engaged in the material preparations for that Conference.

49. He said that France had made every effort to respect its commitments under the SNPA, especially in its ODA disbursements to LDCs. With regard to the subjects under study at the current meeting, he singled out three items that were of equal importance. The first one related to general conditions of development such as food security, economic policy reforms with regard to the respective roles of the State and private initiative, and the struggle against natural disasters, such as the prevention of floods or measures to counter desertification. The second subject related to the item on human resource development, including national demographic policies, minimal sanitary infrastructure, and education or manpower training adapted to the real needs of development and to furthering the role played by women. The third subject concerned the financial resources for development, including export earnings, ODA, mobilizing of domestic savings and private flows.

50. In conclusion, he expressed the wish that the exercise of reflection embarked upon would result at the Paris Conference in the adoption of concrete measures in favour of the LDCs that reflected the political will of the international community.

51. The representative of the Netherlands said that his country devoted a considerable part of its development aid budget to the least developed countries and it was in this spirit that the Netherlands had hosted, in September 1988, the Meeting of Eminent Persons on the Least Developed Countries in an effort to generate new inputs for the preparatory process of the 1990 Conference. Since the LDCs continued to lag dangerously behind in

the international economy, it might be worth while to assess the very concept of "least developed countries" in the light of experience with the SNPA. Moreover, in tackling the problems facing the least developed countries, it was more appropriate to focus on elements specific to LDCs and on a limited number of issues which deserved special attention. Such issues included placing the prime responsibility for progress on the LDCs themselves, support for domestic efforts by the international donor community, carrying out structural adjustment programmes worked out by developing countries together with the Bretton Woods institutions, increasing ODA flows to LDCs, within the framework of the 0.7 per cent ODA/GNP target, to 0.15 per cent ODA/GNP and improving the co-ordination of external support.

52. The representative of Burundi stated that in 1986 his country had initiated a structural adjustment programme through funding from the World Bank and IMF. The programme aimed to redress economic and financial imbalances, to liberalize trade, payments and prices, to improve public enterprises' efficiency, and to stimulate private investment. The programme had entered its second phase in 1988 with the adoption of a new package of policy reforms. The network of a new type of savings and credit co-operatives in rural areas was being expanded. The pilot stage of a new project aiming to give rural women access to credit for revenue-generating activities was to be launched. His Government had taken a series of measures to improve institutional capabilities in the field of development planning and policy.

53. The Government intended to undertake several redressment measures between 1990 and 2000 oriented towards self-sufficiency and food security, the promotion of small and medium enterprises of the private sector, the protection of cultivable land and some measures to improve structural infrastructure. Burundi had successful experience in organizing round tables with the help of UNDP. The country now intended to organize a Round Table with the participation of the NGOs that wished to assist in Burundi's development. He requested donors to increase and improve their development assistance.

54. He added that his country was engaged in a process of profound political reflection with a view to eradicating for all time the ethnic upheavals which had regularly shaken the country since independence. In this connection, the recent publication of the report of the National Commission responsible for studying the question of national unity was a milestone of the utmost importance.

55. The representative of China stated that her country had established economic relations with most of the LDCs and had rendered assistance to them. However, China was not to be considered as a donor country. Its assistance to the LDCs was an important aspect of South-South co-operation and was a matter of help between poor friends. China was ready, within its capability, to promote actively economic and technical co-operation with the LDCs in various forms, on the basis of equality and mutual benefit.

56. China attached great importance to the Second United Nations Conference on the Least Developed Countries. The Chinese Government believed that that Conference should go beyond the routine review of past work and try to find

out the reasons why the SNPA had not been fully implemented. In formulating their strategies, policies and priorities, the LDCs should take into account, not only the immediate difficulties, but also their long-term needs. Emphasis could be placed on improving rural infrastructure, increasing food production, mobilizing all domestic resources, and developing human resources so as to meet the long-term requirements of the strategies. China believed that the current meeting would provide a substantive input to the Second United Nations Conference. The Chinese delegation hoped that those developed countries whose ODA had reached 0.15 per cent of their GDP would maintain that rate and even increase their ODA. Those countries that had not reached the target should try to do so at an early date.

57. The representative of The Gambia stated that during the second decade of its independence his country, with a small but open economy relying mainly on a single export commodity, was to experience a dramatic slow-down of its economy. There had even been periods of negative growth. As a result, the Government embarked on a far-reaching Economic Recovery Programme 1985/86 - 1988/89, aimed at the more efficient allocation of resources and expanding productive capacity.

58. Since 1986, the Government had received financial support from IMF under a stand-by arrangement and the first two years of a three-year Structural Adjustment Facility programme. The financial support of the World Bank under a First Structural Adjustment Credit, together with associated co-financing from the Special Facility for Africa, the African Development Fund, the Saudi Fund, Special Joint Financing from the United Kingdom and a grant from the Netherlands, had enabled financing gaps to be filled on concessional terms during the first phase of the Economic Recovery Programme. This support, together with an improvement in economic conditions, had enabled The Gambia to meet its non-rescheduled external debt obligations regularly and to reduce external arrears. These achievements had provided a solid foundation for the Government's future economic policies. For the next phase of the Economic Recovery Programme through mid-1991, the basic objectives and main details of the approach that had worked well for The Gambia would be maintained. Therefore the support of the international community would be crucial.

59. The representative of the United States of America said that the role of donors was to support the efforts of least developed countries, efforts which must be given impetus and leadership by the LDCs themselves. The central objective of these efforts must be broad-based, sustainable growth. It was heartening to see that several least developed countries had begun to make serious efforts to achieve stabilization and structural change, involving outward-looking market-oriented policies and fostering the private sector's role as the engine for growth in the least developed countries.

60. He questioned the role that the SNPA had played in consolidating structural adjustment efforts. He also suggested improved efforts by donors and the least developed countries to enhance the implementation of adjustment programmes. With regard to ODA flows, he said that substantial flows would be necessary in the 1990s, and that such flows should favour those LDCs with strong domestic reform efforts. On the quality of ODA, he said that United States development assistance to the least developed countries was,

with the exception of some food aid, provided on an all-grant basis and generally or partially untied, with high local cost content and that fast-disbursing non-project aid was a significant component of the United States assistance programme. He added that the volume of ODA should not be discussed without reference to the qualitative factors and the recipient country's absorptive capacity. For this and other reasons, the United States could not support or accept arbitrary ODA volume targets.

61. On the subject of trade, he said that industrialized countries and other developing countries should open their markets to manufactured and other non-traditional exports of the least developed countries. However, the United States did not support the proposals in the commodities field put foward in A/CONF.147/DR/2. With respect to debt relief, he felt that such issues would best be left to the appropriate forums, namely the World Bank, the International Monetary Fund and the Paris Club.

62. The representative of Burkina Faso stated that, under the SNPA, her country had defined its strategic development orientations with a view to the creation of self-sustained economic development through the mobilization and development of human resources, self-sufficiency in food, and reliance on economic planning. Currently, Burkina Faso was considering structural adjustment measures as a regular activity of the management of the national economy. For some years now, measures aimed at structural change and certain socio-economic reforms had been launched, involving some policy changes in the socio-economic field, including: transformation of the national planning system through democratization; land and agrarian reforms; school reform in order to adapt the education process to the real needs of the economy; administrative and management reform. The execution of all these measures would be continued and intensified during the 1990s. Burkina Faso hoped for the success of the Second United Nations Conference on the Least Developed Countries as it was counting on greater international solidarity that was better adapted to the needs of the country.

63. The representative of the Federal Republic of Germany stated that UNCTAD offered recipient and donor countries a major opportunity to conduct an open and realistic dialogue so that both sides would learn from each other. For many reasons, and in several fields, the socio-economic progress of the LDCs and the forecasts for most of them were not very encouraging. A new action programme must therefore be preceded by a reliable stock-taking and a critical analysis of the period drawing to a close not only on a global and regional level, but also with special attention to a country-by-country approach with the aim of finding realistic ways to strengthen the absorptive and the self-help capacity of the LDCs' populations.

64. The basic needs of the large majority of the LDCs' population were often met to a lesser degree than in 1981. Most of the population participated little in the benefits of development and even less played an active role in it. Governments that did not cope with their domestic tasks were further weakened by instability, civil wars and international conflict.

65. The Governments of the LDCs and of the industrialized countries, as well as development experts, should draw lessons from negative experiences during the implementation of the SNPA. They should have confidence in the people, who in general knew quite well what development meant for them, and who were used to working hard for it, as soon as they saw a concrete perspective. The LDC Governments must demonstrate their political will to achieving the development aspired to by the large majority of their people. Non-governmental organizations and other private initiatives, including the private sector, should play a more significant role in reaching these aims. National and international efforts for sustainable development should be viewed not as alternatives, but as complementary and must be the subject of frank discussion. The international co-ordination at the country level already envisaged in the SNPA must become more straightforward in the 1990s.

66. The representative of Maldives stressed that few LDCs were able to report the degree of progress recorded by Maldives in the 1980s. Since 1981, the country had achieved an average annual economic growth rate of about 10 per cent and had allocated over 30 per cent of GDP to economic and social development. During the past 10 years, the infant mortality rate and the crude death rate had been halved and 15 years had been added to the life expectancy of a Maldivian at birth. Adult literacy, at 93 per cent, was among the highest for all LDCs. The Government recognized that the achievements would be less numerous without the support and assistance of the donor community. However, Maldives still displayed many of the characteristics of a least developed country and neither the people nor the Government harboured any illusions about the length of the road towards development, and the need for a new commitment of efforts.

67. While Maldives fully endorsed the statement by Bangladesh reflecting the views of the LDCs, he emphasized the special problems facing the island least developed countries, severely affected by the constraints of small size, insularity, remoteness and an extreme paucity of land-based resources. His Government accorded high priority to the protection and conservation of the natural environment.

68. Finally, he expressed concern at the trend that was visible in several donor capitals towards the reduction in geographical coverage of bilateral aid programmes, and decisions to concentrate assistance on a few partner countries.

69. The success of the development programmes during the coming decade depended mainly on national efforts. However, substantial economic and social progress could be achieved only through the support of the international community. He wished to see the development partners during the 1990 Conference undertake to substantially increase their ODA to LDCs.

70. The representative of Afghanistan said that the Meeting of Governmental Experts was a significant opportunity to review the implementation of the SNPA as well as to consider and identify appropriate national and international measures for accelerating the development process of the LDCs during the 1990s.

71. Economic performance and development in Afghanistan had to be viewed against the background of undeclared war, which had existed since the beginning of the 1980s. This calamity had caused severe damage to the country's economic infrastructures. With the withdrawal of the Soviet military forces from Afghanistan, a new situation had arisen in the country. The most important and vital task now faced by the Government of Afghanistan was to provide food for the population. Serious attention had been paid to the encouragement, development and strengthening of the private sector. With the support of the Government, a significant number of institutions and enterprises, which were currently functioning under State control, would be privatized. Proper legal conditions would be adopted to attract and expand national and foreign investment. A comprehensive programme for the restoration and development of the national economy was to be drawn up. It would incorporate the provisions of the programme on economic and humanitarian United Nations assistance to Afghanistan, the Afghan-Soviet long-term programme on economic co-operation, as well as assistance from other international organizations and individual countries.

72. Finally, he appealed to all donor countries and multilateral and bilateral financial and technical assistance institutions to participate in the humanitarian task of the reconstruction and rehabilitation of Afghanistan.

73. The representative of Nepal stated that, with the adoption of the SNPA, the LDCs had felt able to launch various ambitious programmes in the firm belief that resource limitations would not be a major obstacle to their realization. However, available indicators clearly showed that the targets embodied in the SNPA had largely remained unfulfilled. This being so, if the SNPA programme for the 1990s was not appropriately framed, one must expect the growing disparity between the developed countries and developing countries on the one hand and least developed countries on the other to widen still further. He appealed for coherent strategies and policies at the international level, with special focus on the LDCs, and called for a substantial increase in resource flows from developed countries to the LDCs.

74. He stated that successive development programmes, in particular the Basic Needs Programme designed to fulfil the needs of the people by the year 2000, had been in line with the objectives of the SNPA. For the first time the Nepalese economy had grown at a rate of over 4 per cent during the Sixth Plan period (1980-1985), surpassing decisively the population growth rate of 2.66 per cent. This trend seemed to be continuing during the Seventh Plan period. Moreover, the Government's recent macro-economic policies, under the Structural Adjustment Programme, had begun to show positive results for the implementation of the Basic Needs Programme. However, some recent problems related to the questions of trade and transit had unfortunately led to undermining of this growth prospect. In this connection, Nepal had, as had all other countries, subscribed to the view that while trade was a matter of periodic convenience between two parties, transit was a necessary permanent condition for the international trade of any land-locked country and thus formed an important basis for economic survival. This principle needed to be truly appreciated.

75. Although Nepal had already initiated various austerity measures in order to minimize the adverse effect of this situation, it stood in need of additional support from the international community to expedite the process of sustained development, which was possible only through concerted efforts to achieve rapid industrialization and agricultural development. He recognized that foreign aid was playing a significant role in mitigating resource constraints and suggested that quick disbursement of funds in the form of programme and sector assistance should be encouraged. He expressed the hope that the LDC programme envisaged for the 1990s would take special account of those land-locked countries which had been placed in a difficult situation by an accident of history or geography.

76. The representative of Italy, observing that the situation of most LDCs had not improved in the 1980s, wondered whether the SNPA objectives were not too ambitious when viewed in the light of these countries' possibilities. Such progress as there had been in the LDCs varied extensively from country to country, and this diversity had been heightened by the increase in the number of LDCs. Consequently, the undifferentiated policy packages proposed by IMF and the World Bank had had a negligible impact on the macro-economic situation of the LDCs because they did not take into account the vulnerability of these countries or such other aspects as income distribution, inter-sectoral links, or regional realities.

77. He stated that since 1986 his country had exceeded the 0.15 per cent target for ODA; that the programme component was increasing; and that, in accordance with the commitments undertaken at the 1981 Conference, the debt of seven LDCs, amounting to about $67 million, had been cancelled. Priority was ascribed to agriculture, rural development and food security, while importance was also given to enhancing aid absorption capacity through education projects.

78. Highlighting the role that could be played by the subregional integration of small LDCs that had a limited economic potential, he said that aid modalities should be adjusted to take into account these integration efforts and requirements. This should apply even in cases where the integration partners were not classified as LDCs. Moreover, the aid co-ordination process at the country level by UNDP and the World Bank could be improved, particularly with regard to the in-country follow-up at the sectoral level. His authorities were considering the support of a thorough study of this issue which would lead to a concrete input for the preparations for the Paris Conference.

79. The representative of Canada said that the objective of the Paris Conference should be to improve significantly the short-, medium- and long-term situation in the LDCs. To this end, the Conference should not merely appeal for increased quantitative efforts by LDCs and donors, but should also be concerned by the qualitative aspects of these efforts in order to generate measures of a new and better kind. He cautioned that two other global meetings of particular relevance to developing countries' issues would be held in 1990; the Paris Conference should therefore focus on the specific character of the LDCs' problems.

80. As for the preparations for that Conference, he felt that they should be organized in three phases. First, the LDCs' progress in the 1980s should be assessed. This should no doubt lead to a consensus, since the situation of the poorest countries and people was beyond human tolerance. However, the situation of the LDCs was not homogeneous and the fact that individual differences existed should be taken into consideration, as appropriate. The second step - assessment of both the concept and the implementation of the SNPA - would make it possible to identify, as a third step, priorities as well as national and international measures for the 1990s. It would be useful if the current meeting concentrated on selected principles and their implications. LDCs had the responsibility to determine their long-term targets. This entailed seeking appropriate means to promote indigenous development, and to resist or adapt to unfavourable external shocks, as well as to draw maximum long-term benefits from favourable external circumstances. The LDCs also had the responsibility to co-ordinate, with the appropriate support when necessary, the complementary resources provided by the international community. Global programmes, such as the SNPA, had probably shown that the challenge was less to formulate general objectives than to determine and implement efficiently priority policies and actions in the framework of particular national initiatives or regional co-operation, in which each LDC played a major distinctive role. Due attention should also be paid to the sustainability of development and to fully integrating this concept into all relevant development issues.

81. Referring to the new ODA strategy adopted by his country, he explained that its main objectives were to help the poorest peoples and countries; to enhance human and institutional resources; and to favour the strengthening of links between LDCs' institutions and their populations. Finally, he stressed the thematic priorities of this strategy, including poverty alleviation, structural adjustment, women's integration, food security and energy.

82. The representative of Lao People's Democratic Republic stated that, despite considerable efforts displayed by the international community and in particular by UNCTAD and UNDP, the LDCs could not emerge from underdevelopment and poverty. Their situation had been further worsened by the collapse of commodity prices, the rise of real interest rates, exchange-rate fluctuations, protectionism and negative financial flows from rich to poor countries.

83. He recalled that, at the recent Round Table organized in Geneva by UNDP his authorities had made a detailed presentation of this country's socio-economic situation, development strategy and aid requirements. The outcome of the Round Table had been satisfactory, with substantial commitments for the implementation of projects and programmes in line with the priorities determined by his country. The second five-year plan (1986-1990) ascribed absolute priority to education, transport and communications and agriculture. Under the "New Economic Management System" - which maintained the role devoted to markets, enterprise autonomy and flexible foreign-currency management, and provided for a foreign investment code - his country was striving to improve economic efficiency in the utilization of physical and financial resources, to promote exports and to improve the management of foreign debt.

84. He acknowledged that in the past there had been delays in implementation of projects due to lengthy administrative procedures, but he observed that, on the donors' side too, there had been delays in delivery of equipment due to excessive controls. These delays had lowered his country's absorption capacity for foreign aid. In this respect, he emphasized the need for donors to contribute to solving the local expenditure constraints and appealed for an increase of the grant component of aid. More generally, he regretted that, because of the absence of political will from certain developed countries, the fundamental objectives of the SNPA and, in particular the 0.15 target for ODA, could not be reached.

85. Speaking on behalf of the four Nordic countries (Denmark, Finland, Norway and Sweden), the representative of Sweden recognized that the social and economic situation in many LDCs today was worse than that of 10 years ago. What was needed now was a new programme of action that was flexible enough to be able to provide quick answers to changing circumstances. This new programme, which should be aimed at achieving sustainable economic and social development and raising the standard of living of the poor, must embrace the following important areas:

- growth-oriented economic policies designed to create the necessary conditions for productive investment and efficient production;

- better management of natural resources to achieve self-sufficiency in food production and to preserve the resource base for the future, and the achievement of sustainable and ecologically sound development;

- improvement of social conditions, including better education and training, improved standards of health, efficient population policy and integration of women in the development process;

- rehabilitation of the infrastructure and enhancement of institution building;

- defining the role of the public and private sector and the removal of barriers to individual initiative and efforts as well as entrepreneurship;

- efficient utilization of resources and realistic financial policy capable of attracting foreign direct investments;

- strengthening the processing, marketing and distributing capabilities of primary commodities;

- improvement of aid quality and effectiveness and increase in the present low level of resource transfer. It was imperative that the ODA-target of 0.15 per cent be achieved and that concessional resources and debt relief measures be increased. The cancellation for LDCs of all remaining bilateral ODA debt was suggested;

- strengthened involvement of UNDP and the World Bank in work on a new programme of action.

86. The representative of Benin said that from 1980 to 1987 his country had suffered an economic slowdown: GDP, which had registered 22 per cent growth in 1981, had increased by only 0.5 per cent in 1986, and in 1987 had shown a negative rate of 0.3 per cent, while population had been growing at 3.14 per cent per annum during that period. Clearly, the bitter truth was that the objectives of the SNPA were far from being achieved.

87. He stated that his country's five-year economic and social development plan (1989-1993) was based on State control of the economy; it expressed his Government's will to remedy the crisis by implementing a structural adjustment programme. The plan provided for growth of 3.7 per cent per annum in the commodities sector, 3.9 per cent in industry and 1.8 per cent in services. These targets would be stepped up during the second half of 1990. In order to achieve these objectives, the accent would be put on optimal utilization of resources, in particular the promotion of human resources.

88. The representative of Mauritania said that his country's recent request to be included amongst the LDCs was a consequence of natural disasters which could ruin the country's national development efforts (which had registered notable results in the early 1980s) if appropriate measures, including international ones, were not taken. He mentioned with appreciation in that respect the cancellation by Canada and the Federal Republic of Germany of his country's bilateral ODA debt to those countries. These actions would ensure the success of the Fourth Adjustment Programme on which his country had just embarked. This Programme would soon be submitted to the Paris Club.

89. The broad objectives of the SNPA were still valid. In embarking upon the SNPA the LDCs had committed themselves to self-criticism, to tabling proposals and to entering into commitments, and indeed the LDCs had adjusted their national economies and honoured the other commitments that they had undertaken. The developed partners, by accepting that the Second United Nations Conference on the Least Developed Countries should be held, had also implicitly undertaken commitments. Finally, the present meeting offered an opportunity to enter into mutual political commitments pertaining to measures which could revive LDCs' economies and secure for those countries lasting growth based on autonomous development.

90. The representative of Spain said that his country's strong determination to help resolve LDCs' problems was based on the conviction that solidarity and international co-operation for development was a moral obligation, and in that context, special attention should be given to the problems of the LDCs. The SNPA was an important step in the right direction, notwithstanding the deterioration in the LDCs' socio-economic situation since the beginning of the 1980s.

91. Before the elaboration of a new programme of action for the 1990s, it was necessary to assess the experience gained from the SNPA, but some basic orientations could already be proposed: such a programme ought to be realistic and take into account the specific requirements and limitations pertaining to each country; it should be both economically viable and tolerable from a social and political viewpoint; and it should take into account the dimension of "sustainable development". Those LDCs which

demonstrated a sense of responsibility for their own development should be granted substantial financial and technical support, but the co-ordination and monitoring of such support needed to be improved. The meeting on the role of the enterprise sector had been useful, and the importance of regional integration for LDCs must be emphasized.

92. His country's development assistance had increased threefold since 1985, and important institutional measures had been taken to foster development co-operation; forecasts for 1989 indicated a 45 per cent increase in ODA. Part of his country's aid was directed on a bilateral basis towards LDCs. For example, Equatorial Guinea had benefited from the cancellation of one third of its bilateral ODA debt, and in 1989 seven other LDCs would benefit from his country's development aid.

93. The representative of the United Republic of Tanzania observed that the hopes and aspirations enshrined in the SNPA had not been realized to any commendable extent in its implementation during the past eight years. The socio-economic situation of Tanzania, just as that of other LDCs, had deteriorated further, exacerbated especially by the interlinked constraints of growing external indebtedness, unfavourable terms of trade, inadequate external resource inflows and structural rigidities of the economy.

94. Between 1980-1985, despite stabilization initiatives and adjustment programmes, Tanzania had secured neither additional resources nor, for that matter, nominal inflows from international financial and monetary institutions. However, with the understanding of some bilateral donors, the Government was able to muddle through. Cross conditionality and cumbersome procedures had been serious constraints on the availability of external resources to the LDCs.

95. What was currently needed to achieve real economic recovery and growth was agreement on converting all debts into grants, and cancellation or rescheduling of loans for considerably longer repayment periods, on softer terms and more concessional rates of interest. This was the only way to give the economy sufficient breathing space to attain the necessary debt repayment capacity. A related issue was the deterioration of terms of trade in the 1980s, which had not only incapacitated the economy to service the debt but also worsened the import capacity for survival and development purposes.

96. For his Government structural adjustment actions would be a continuous process in the 1990s. Such actions could not succeed without the supplementary and complementary support of the donor community. Tanzania would attach top priority to rehabilitation and consolidation of existing activities, programmes and projects in the areas of agriculture, industry, transportation and communications and social services.

97. Assuming that the donor community responded satisfactorily in the first half of the 1990s, Tanzania would be embarking in consolidating its socio-economic recovery with growth programmes.

98. The representative of the Yemen Arab Republic stated that his country's economy was heavily dependent on external resources, including workers' remittances and ODA flows. The guidelines for the third five-year development plan (1987-1991) gave high priority to building the economic infrastructures and services required by the socio-economic development of the country. It also gave priority to increasing agricultural production, greater mobilization of domestic resources, and the development of human resources through the expansion of education and health services.

99. Yemen had suffered two major natural disasters in the 1980s, namely a devastating earthquake in 1982 which had caused loss of life, housing and public utilities, and damage to agricultural land and water resources. The country had also been struck by a severe drought in the period 1982-1985 which had resulted in the loss of much of its livestock and agricultural land.

100. Oil had been discovered in Yemen recently and its exports, although very small in quantity, had begun in 1987. It had not yet made any significant contribution to the other sectors of the economy since the quantity so far exported barely covered the cost of production.

101. Yemen realized that the success of its development programmes in the coming years would depend critically on its own resources. Nevertheless, it should be recognized that the country would continue to depend significantly on the support of the international community for the full success of its own development efforts.

102. The representative of Uganda said that the results of the SNPA so far had been poor and the LDCs' economic performance had been constrained by such factors as deteriorating terms of trade, inadequate flows of resources, lack of investible domestic resources and debt burden.

103. Referring to the performance of Uganda's economy, he said that reconstruction and rehabilitation efforts were under way and that some improvements were already visible as political stability became assured. These improvements were still taking place at a very slow pace, however, because the economic and social infrastructure and services had been devastated as a result of the perverse economic policies of the past. Agriculture continued to be a key economic sector that stimulated the growth of other sectors. In fact, Uganda's export earnings were overwhelmingly dominated by the agricultural sector. In 1987, coffee accounted for some 98 per cent of export earnings.

104. The mobilization of domestic savings had been hampered by low incomes and lack of institutional infrastructure. The Government had therefore relied heavily on foreign assistance for development expenditures. In 1987, donors had committed more than $US 250 million for the first years of the rehabilitation programme and in 1988 they had made new commitments totalling $435 million. This heavy dependence on aid had been accompanied by a growing national debt, owed largely to multilateral creditors, which made the country less optimistic about debt relief.

105. With regard to international support measures designed to assist the LDCs in their efforts to face effectively the challenges in the 1990s, he urged the donors to adopt further measures towards the cancellation of debt; to ensure larger flows of aid on a grant basis; to help stabilize export earnings; and to support technological development and the promotion of small-scale industries.

106. The representative of Somalia felt that in order to recommend measures conducive to accelerated development and growth in the 1990s, it was necessary to assess what has taken place since the adoption of the SNPA. He noted that, while LDCs had embarked upon a process of translating SNPA measures into concrete projects and programmes, the majority of them have been hard hit by the drought, disasters and world-wide recession of 1983-1984. Against this background, instead of increasing the international support to the LDCs, the latters' development partners devised a magic solution for their economic malaise called Structural Adjustment Programmes. Somalia had spared no effort in discharging its responsibility for the implementation of the SNPA. In this regard, at the 1985 mid-term review of the SNPA, his delegation had reported measures under implementation, including measures aimed at encouraging the private sector.

107. The representative of Malawi stated that his country had embarked on the 1980s with enormous difficulties. The Government had therefore had to undertake several structural adjustment programmes aimed at reinvigorating the economy. As a result of those programmes, and with the support of IMF and the World Bank, there had been a period of improvement in some of Malawi's macro-economic indicators. However, Malawi had not been able to maintain the growth of its economy for long because of the deterioration of the terms of trade, the fact that the debt service payments had reached unmanageable levels, and because man-made and natural disasters had slowed down the pace of economic advancement.

108. Recalling the economic policy reform measures undertaken in Malawi in fiscal, monetary and external trade areas, he said that the way to achieve a sustained growth of output was to increase the productivity of key economic sectors, including the expansion and diversification of agriculture and manufacturing, which should be geared also to the export market. Other measures included strengthening of institutional infrastructure. In the 1990s the Malawi Government, apart from continuing its stabilization and structural adjustment efforts, intended to make more effort to improve the social services, such as health, education and housing, and to ensure employment expansion and equitable income distribution. The country needed continued support from the donor community to assist with these national efforts.

109. The representative of Comoros stated that the demographic and socio-economic situation of his country had continued to worsen throughout the 1980s in spite of national and international efforts. In most years, the GDP had grown at a rate that was lower than the population growth rate. Currently, the debt/GDP ratio was 146 per cent. The public finance deficit increased from 26 per cent of the GDP in 1982 to 30 per cent of the GDP in 1988. The imports covered by exports was only 40 per cent in 1988. This deteriorating economic situation pointed to the need for adjustments.

Negotiations for a structural adjustment programme had been undertaken with the Bretton Woods institutions. It was vital for the 1990s that the socio-economic development priorities of Comoros should be determined in accordance with the programme oriented towards the structural adjustment of the economy and debt relief.

110. The representative of Lesotho said that the success of the Second United Nations Conference on the Least Developed Countries would depend very much on the outcome of the preparatory meetings.

111. Under the SNPA, Lesotho had reviewed the third five-year development plan for the period 1980-1985 and had prepared the fourth plan covering the period 1986-1991. The development policy inherent in the fourth plan focused on correcting the structural imbalances, at directing investments to productive sectors and at improving the efficiency of financial, economic and administrative management. Lesotho had taken advantage of the Round Table process organized by UNDP to enhance the dialogue with its development partners. To date Lesotho had held six donor conferences, all of which had been fruitful. However, owing to the low absorptive capacity and structural imbalances that characterized the economy, Lesotho had not been able to make a breakthrough. In 1988 Lesotho had embarked on a structural adjustment programme. It was still too soon to judge whether or not the impact of this programme was positive. In the 1990s Lesotho would strengthen and continue the efforts started during the fourth plan period. Priority areas would include investments in productive sectors, harnessing of the abundant water for development, and protection of the environment. She stressed the need for human resources development and for investment in social infrastructure, popular participation and the participation of women in development. Finally, she appealed for substantial and continued international support in order to complete the LDCs' national efforts.

112. The representative of Haiti stated that during the years of the implementation of the SNPA the economy of his country had suffered from the crisis that had characterized the 1980s. Manufactured exports had failed and the value of coffee exports had dropped because of the fall in the unit price and volume. The Government had taken some economic measures in 1981-1982, but had not been able to attain the goals. A number of macro-economic and fiscal measures had been taken in 1986 for the period 1986-1989, but without appreciable success, partly because of unilateral suspension of economic aid by several donors.

113. He said that the Second United Nations Conference on the Least Developed Countries should take into account the particular geographical situation of Haiti, which was the only LDC in the Caribbean Basin - a situation which prevented the country from being included in a regional programme. Finally, he thanked those donor countries that had continued to assist his country at a decisive turning-point in its history.

114. The representative of Botswana said that, since independence in 1966, the macro-economic performance of his country had been impressive thanks to the volume and favourable price movement of diamond exports. On the negative side, there had been prolonged drought, Government budget expenditures had

grown more rapidly than planned and unemployment, particularly among the younger generation, affected one quarter of the working population. Among the main development concerns and challenges currently facing his country was the heavy dependence on diamonds, which called for the diversification of the economic base in order to ensure continuous growth and development. The drought had contributed to the decline of the rural economy and substantial investment in irrigation development was required if arable agriculture was to help meet the country's food requirements on a sustainable basis. The high rate of population growth pointed to the need to expand the education system and other infrastructure, and to create productive employment opportunities, which could be done by stimulating private investment.

115. He described his country as outward-looking in the light of the openness of the economy. However, the maintenance of an outward-looking strategy implied sufficient foreign-exchange reserves, but such reserves were threatened as diamond revenues were now levelling off while external debt servicing was increasing. Expressing appreciation to donors for the financial and technical assistance which had made possible the progress so far, he said that continued partnership-in-development over the next decade was essential to help launch his country along a path of real, sustainable development.

116. The representative of Burma commended the documentation prepared by the secretariat, in particular the range of possible policy responses put forward. Although his country had only recently joined the list of LDCs, he detected a general agreement that the shortfall in achieving the SNPA targets had occurred despite courageous restructuring by LDCs. This consensus should be viewed by LDCs and donors as a basis for planning ahead for the 1990s.

117. Referring to the economic reforms undertaken by his country, he said that an open and outward-looking policy had been pursued within a market-oriented economic system. Equitable incentives were being offered to the private sector so that it could play a significant role and various rationalization programmes were being introduced. A foreign investment law had also been enacted.

118. Current reforms to bring about self-sustained development bore witness to the LDCs' awareness of their primary responsibility for their own development. However, in view of the unfavourable circumstances, special international assistance measures commensurate with the magnitude of their problems were required. Cancellation of LDCs' ODA debt should be speeded up and programmes devised for that purpose should be considered favourably. It was necessary to raise the inflow of grants and to consider the financing of local costs. During the period of structural adjustment the multilateral development agencies should make available more development funds and, in addition, an increased flow of financial and technical assistance from the United Nations system was required. Finally, he pointed out that, although the LDCs were eligible for special privileges and differential treatment, the corresponding preferential market access was being thwarted by developed countries' protectionist policies, including those affecting the agricultural sector.

119. The representative of Guinea observed that LDCs were becoming identified with underdevelopment. It was against that background of increasing poverty that most LDCs were introducing structural adjustment programmes with the support of multilateral finance institutions such as the World Bank, IMF and UNDP. These economic and financial recovery programmes were aimed essentially at putting an end to the economic and financial deterioration prevailing in these countries through the introduction of reforms slanted in particular towards the creation of a market economy and the improvement of the management of the public sector. In the years to come his country's economic strategy would be based on three main axes: (i) the consolidation of the liberal economy orientation (flexible exchange-rate policy, harmonization of customs tariffs, liberalization of trade and of prices, promotion of private investments and of small and medium enterprises); (ii) improvements in the managements of the national economy (administrative reforms, rationalization and strengthening of the management of public finance); (iii) the mobilization of the country's potential for economic growth (rehabilitation of the socio-economic infrastructures, promotion of human resources, diversification of agricultural and mining production). In order to meet the financial requirements of this policy, Guinea would continue to have a great need for international assistance. He expressed the hope that, in the framework of international solidarity, the support of the donor countries and of aid institutions would not fail his country.

120. The representative of Kiribati outlined the specific developmental constraints faced by his country, which included a narrow productive and resource base, remoteness from the major world markets, geographical dispersion of the islands and infertile soils. During the 1980s, his country had recorded a decline in GNP per capita of about 1 per cent annually. Foreign indebtedness had been contained through stringent budgetary policy that had involved sacrifices, and through the external financing of most development projects.

121. Reviewing future requirements that would lay the foundations for long-term self-reliant development for his country, he singled out, among others, the need to strengthen further the government administration; to concentrate on the development of agriculture, fisheries, tourism and small-scale industries; to improve transportation and communications; and to promote social development, including primary health care, family planning and education. He appealed for more generous, flexible and responsible ODA assistance to meet the needs of LDCs in particular the needs of the small island countries, and added that aid co-ordination and dialogue based on his country's priorities and objectives could heighten his country's absorption capacity and promote sustainable development.

B. Statements by representatives of intergovernmental bodies and international organizations

122. The representative of the Food and Agriculture Organization of the United Nations (FAO) said that agriculture accounted for about half of the GDP of LDCs, employed 70 per cent of the labour force, generated half of export revenues and provided raw materials for industrialization, and it was therefore central to policy reforms, poverty alleviation, nutritional

improvement and the integration of women in development. However, though the SNPA had placed high priority on agriculture, production in the sector had not kept pace with population growth, leading to an increase in the proportion of undernourished people in LDCs. The African LDCs had just reconfirmed the high priority they attached to agriculture.

123. Policy action during the 1980s had favoured short-term considerations. However, a future programme for the LDCs should comprise a flexible framework based on debt relief, stabilized export earnings and guaranteed levels of external assistance, and it should be fully integrated with agricultural, rural and environmental considerations and objectives. In addition, policy reforms must be accompanied by technical change, including the promotion of crops which were drought-resistant and suitable for marginal areas.

124. LDCs continued to be at the centre of FAO's concerns and accounted for half of its field programmes. In addition, several other programmes implemented by FAO had direct relevance to LDCs. The de facto expression of structural adjustment was to be found in the radical redefinition of agricultural policy under the influence of financing agencies. In that regard, the FAO Committee on World Food Security had recently urged that the launching of adjustment programmes be preceded by sufficient prior examination of their ensuing social repercussions, including their impact on the poor.

125. The representative of the Kuwait Fund for Arab Economic Development said that the agricultural sector remained the leading economic activity in the majority of the LDCs and hence high priority should be accorded by those countries and by donors to the development of that vital sector. The development of human resources and of infrastructure were additional areas which called for sustained attention. In view of the economic and social constraints currently encountered by the Governments of most LDCs, these countries needed more generous and highly concessionary financial support.

126. The Kuwait Fund operated on a project-by-project basis and it had so far extended 141 loans to LDCs, totalling $US 1.7 billion. Those loans were granted on a soft-term basis, with interest rates ranging from 1 per cent to 3 per cent per annum and maturity periods from 19 to 39 years; the grant element ranged from 40 to 80 per cent. The Fund also provided grants, technical assistance and financial contributions to multilateral development institutions to enable them to pursue their efforts in the developing countries, including LDCs.

127. The representative of the European Economic Community said that the EEC had for many years given special priority to assisting the least developed countries. However, the LDCs' situation remained extremely difficult, and efforts would have to be undertaken both at the domestic and the international level if the LDCs were to narrow the performance gap which separated them from developed and other developing countries.

128. The European Community had long been the principal trading partner and a major source of external assistance for the LDCs. The particular concern of the Community for the welfare of LDCs had been expressed in the Lomé Convention through the inclusion of particularly favourable terms and

concessions. The Community had committed well over 5 billion ECUs in aid to the LDCs in the period 1981-1989, not including food aid. The Community's aid to the LDCs was granted on highly concessional terms, and 80 per cent of the funds provided were in the form of grants. Community aid was practically untied, in so far as goods and services financed by that aid could be supplied by any one of the 66 ACP States or 12 member States of the EEC.

129. The Community was of the view that structural adjustment policy should be both viable from an economic point of view and acceptable from a social and political point of view. Adjustment programmes should form an integral part of the domestic management approach and be adapted to the diversity of situations. The Community also considered regional co-operation an important element in the development effort of LDCs. The Community was ready to promote and support such co-operation.

130. With respect to market access, the Community's trade policy toward LDCs offered them duty-free access for almost all products, without quantitative restrictions. Finally, it should be noted that the Punta del Este Declaration made a special reference to LDCs, and the Community was working to give that reference concrete shape.

131. The representative of the Asian Development Bank (ADB) stated that the 11 LDCs in the Asia-Pacific region were members of the Asian Development Bank. In view of the special development situation of the LDCs, ADB had given them the highest priority in the allocation of concessional Asian Development Fund (ADF) resources. ADF loans were interest free and carried an annual service charge of 1 per cent and an amortization period of 40 years, including a grace period of 10 years. ADB assistance had focused on agriculture, energy, industry, physical and social infrastructures and on institutional development.

132. He said that ADB support in the 1990s would continue to place emphasis on effective utilization of its assistance, which would be channelled to poverty alleviation, promoting the role of women in development, environmental protection and promotion of private-sector development. Given the increasing external financing needs of the LDCs in the Asia-Pacific region, ADB was expected to expand its concessional assistance to these countries in the 1990s within the availability of its concessional resources. Although future ADB assistance would continue to be modest in relation to LDCs' overall requirements, the Bank would focus its operations on those development projects and programmes that would contribute most effectively to the structural transformation of the economies of these countries, the expansion of their food production, the alleviation of poverty and the preservation of the natural environment.

133. The representative of the United Nations Children's Fund (UNICEF) stated that the quest for sustainable growth and poverty alleviation represented formidable tasks before the Second United Nations Conference on the LDCs. Severe economic crises and stabilization programmes continued to impose the burden of high infant mortality rates and reduced expenditure on health and education on the poor and vulnerable groups. Current economic orthodoxies assumed that if overall economic growth was restored, living standards would

automatically rise for all. However, in difficult times, it was the low-income groups that were forced to bear the cost of implementing harsh economic programmes. UNICEF had striven to demonstrate that measures to foster human development and to protect women and children could still be implemented during hard times. These measures included primary health care - for example, oral rehydration therapy, diarrhoeal disease control, access to safe drinking water, accelerated immunization programmes and supplementary feeding programmes. Structural adjustment should aim at protection of the poor and vulnerable. In this respect, UNICEF had also been advocating Development with a Human Face. Debt Relief for Child Survival has been another of UNICEF's recent policy thrusts and the organization had been able to work out arrangements for debt relief for Sudan with three European banks. UNICEF hoped that widespread international action for debt relief or cancellation would soon be forthcoming.

134. The representative of the World Bank stated that the Bank's objectives coincided with those of the LDCs themselves, namely restoring and maintaining growth and reducing poverty. The LDCs shared favourably in all aspects of the World Bank assistance to its borrowing member countries. Commitments to LDCs now accounted for about 40 per cent of total IDA lending compared to about 30 per cent at the beginning of the 1980s. Since fiscal year 1981, total IDA commitments to LDCs have amounted to $US 11.2 billion and Bank lending to LDCs in support of adjustment had actually doubled since that date. The latter now accounted for no less than 27 per cent of total IDA lending to LDCs.

135. The Bank had recently completed an in-depth review of its adjustment experience over the last 10 years. From this review, it appeared much was still to be learnt to improve the design of adjustment programmes, to better integrate social concerns in order to protect the poor, to enrich the Bank's dialogue with Governments and other institutions of the United Nations system, and to strengthen the Bank's co-operation with non-governmental organizations.

136. Besides its activities in the field of adjustment, the Bank was increasingly intervening in a variety of other areas of special interest to LDCs. Bank initiatives on debt relief, particularly in distressed African countries, had been launched; assistance to improve food security and expand research to boost agricultural productivity had been increased; substantial technical assistance for institution building; and expanded work to help Governments foster full partnership of women in the development process. The Bank was also assisting countries in formulating environmental action plans.

137. The representative of the United Nations Industrial Development Organization (UNIDO) said that, although the SNPA had envisaged a manufactured value added growth rate of 9 per cent per annum for the 1980s, only 5 of the 42 LDCs had achieved that target. Most LDCs had in fact recorded negative growth rates in value added per capita. In his view, there were three possible approaches to the development of the manufacturing sector, namely: selective import substitution; export promotion; and self-reliant development strategy. With regard to selective import substitution, it was necessary to devise a strategy that concentrated on a relatively small number of potentially profitable sectors and enterprises. On export promotion, he said that, despite the devaluations carried out by many LDCs in the mid-1980s, the

prospects for export promotion were not bright, partly because of the unfavourable international economic environment. Nevertheless, some LDCs were already taking initiatives on export promotion, including the establishment of export processing zones and sub-contracting. As for the self-reliant development strategy, this approach must necessarily concentrate on the supply of agricultural inputs, the processing of agricultural products and the production of simple consumer goods to meet the needs of both the urban and rural populations. The implementation of these strategies required not only investible resources but also the development of human resources. The development of the private sector could make a major contribution to this area. UNIDO would also continue to provide assistance in human resources development.

138. The representative of the International Labour Organisation (ILO), noting that most LDCs had been faced with a paradoxical situation whereby there were serious shortages in respect of high-level manpower but surpluses in other categories, reaffirmed ILO's commitment to contributing fully to any strategy aimed at self-reliance and sustainable development.

139. With regard to human resources development, human resources policies must take adequate account of the extent to which fiscal, monetary, wage and investment allocation policies affected the overall framework for the development and utilization of manpower. The focus should be on the fuller utilization of existing investments, resources and facilities. The ILO firmly believed that the active participation of the people in the planning and programming of development was a prerequisite for the success of national strategies.

140. The LDCs continued to be a focus of increasing attention in the ILO's technical co-operation programme implemented through national and regional projects financed by UNDP, trust funds and the ILO regular budget for technical co-operation. At its forthcoming seventy-sixth session, the International Labour Conference would debate, in plenary, the Director-General's report on recovery and employment.

141. The representative of the United Nations Development Programme (UNDP), describing the main activities of UNDP relating to the LDCs during the years of the implementation of the SNPA, explained the functioning of the special fund measures for the LDCs, the United Capital Development Fund, and the United Nations Sudano-Sahelian office. The UNDP national technical co-operation programmes under way or being launched in 18 African LDCs were effective instruments in the programming and co-ordination of technical assistance. Concerning UNDP activities to secure more effective aid co-ordination, he explained the mechanism of the new format of the Round Table process, which had received the support of the OECD Development Assistance Committee and the endorsement of the African Ministers of Planning. The UNDP Governing Council, at its session in June 1988, had decided to extend its support to the LDCs to ensure that they were able to participate fully in the preparatory activities leading to the Second United Nations Conference and in the Conference itself.

142. Among the possible initiatives that could be taken by UNDP, he drew attention to the following: an increase in the indicative planning figure resource allocation to LDCs for the Fifth Programme Cycle (1992-1996) by 10 to 15 per cent in real terms; a strengthened role for the United Nations Capital Development Fund; a new identity and focus for the Special Measures Fund for the LDCs; improvements in the aid co-ordination process, in particular through more frequent Round Table conferences for LDCs; and a reinforcement of UNDP's priorities in the LDCs for projects aimed at building up and strengthening the capacity of the institutions responsible for ecconomic management and aid co-ordination.

143. The representative of the International Monetary Fund (IMF), commenting on the mixed results achieved by the LDCs in the 1980s, said that some LDCs had shown perceptible growth and avoided acute debt-servicing and other problems, while others had regressed and suffered acute payments problems. He believed, however, that there were signs of recovery and prospects of sustained growth in the foreseeable future.

144. He said that the Fund had played an active role in assisting the LDCs and had provided its support to them in various forms. Firstly, it has adapted its financial facilities to meet the evolving needs of its member countries, including the LDCs. The major innovations on this front had been the establishment of the Structural Adjustment Facility (SAF) and the Enhanced Structural Adjustment Facility (ESAF), and of the Compensatory and Contingency Financing Facility (CCFF), aimed at the medium- and long-term problems of the LDCs. The CCFF would provide additional finance on concessional terms, including larger maturity periods, and would protect adjustment programmes from certain specific unexpected developments. Secondly, IMF had played a central role in the development and execution of the ever-evolving debt strategy, both as it concerned commercial debt and official loans.

145. More recently, IMF had become conscious of the social implications of the adjustment programmes and was making efforts to devise programmes that would have a less adverse effect on the population at large. This was being done in consultation with the authorities of the countries concerned, in close collaboration with the World Bank and with other agencies of the United Nations system. In the 1990s, IMF would give full support to the efforts of the LDCs to achieve higher and sustained growth.

146. The representative of the World Health Organization (WHO) said that, as the SNPA for the 1980s drew to a close, Ministries of Health had recognized again that priority action was required to alleviate the permanent distress of people in LDCs. The need to formulate national plans of action for the attainment of the programme Health for All by the Year 2000 and the necessity of basing those national plans on primary health care were the foundations for improving the health of the populations of LDCs. The adverse effects of the economic recession on health - due to the fact that many countries had had to reduce expenditures for social services - had been most evident in the developing countries, particularly among the most vulnerable population groups. Faced with obstacles to the implementation of the policy of Health for All through primary health care, WHO was reorienting its technical co-operation activities. The aim was to increase the co-ordination of all

available resources, including those flowing from other partners, in order to support a concerted and pragmatic attack, country-by-country, on such obstacles. In these efforts, first priority would be given to the countries in greatest need.

147. The representative of the World Food Programme (WFP) stated that the LDCs' share of net WFP expenditure amounted to 48 per cent in 1988. WFP assistance was provided on a project-by-project basis, which constituted an important financial contribution to the development process, as exemplified by the case of Bangladesh. WFP was also co-ordinating a sizeable share of the bilateral food aid extended to that country. As several LDCs were undergoing a stringent process of structural adjustment, WFP was exploring specific activities which could alleviate the strain on the poorest strata of their populations.

148. The representative of the United Nations Fund for Population Activities (UNFPA) recalled that the SNPA paid considerable attention to population problems. Population was treated both as a cause of the difficulties faced by the LDCs and as an area where direct action could contribute effectively to the achievement of their development goals. Eight years after the adoption of the SNPA, despite encouraging progress in some LDCs, the number of these countries which had assessed their population growth rates as too high had doubled. Several countries had adopted a comprehensive national population policy, as recommended by the SNPA. It was against this background that UNFPA assistance to LDCs had doubled during the 1980s. UNFPA intended, in co-operation with donors, to increase still further its assistance to the LDCs to enable them to develop family planning, to control the levels of mortality, to expand information activities and to entrust greater responsibility to women.

149. The representative of the Office of the Director-General for Development and International Economic Co-operation observed that the adoption of the SNPA in 1981 had coincided with a profound change in the world economic environment that had forced all countries, even the industrialized ones, to give second priority to growth and development. Thus, for development, the 1980s had been a lost decade for almost all countries, but especially for the LDCs and the African continent.

150. The Meeting of Governmental Experts had identified the main problems: the difficulty of devising and managing structural adjustment programmes which were humane and which reconciled short-term concern for stability and transparency in macro-economic relations with the long-term objective of durable and self-sustained growth; the debt burden; commodity problems; inadequate financial flows to the developing countries; and degradation of the environment.

151. The meeting had also agreed on the measures that should be taken to promote the development of the LDCs. The participants had emphasized the potential role of agriculture and rural development, of human resources and women in development, of private enterprises, and of the informal sector and

local communities. Regional and subregional co-operation could help overcome certain difficulties at the national level. Finally, efficient co-ordination of external aid was becoming particularly important.

152. He praised Italy and UNDP for their initiatives in financing studies on some of these problems and measures. Much remained to be done before the measures put forward could be transformed into specific recommendations adapted to the situation of the LDCs. No doubt the proposals would be incorporated in the country presentations submitted to the Paris Conference in 1990.

153. Noting the convergence of the ideas put forward in the meeting with those underlying other international initiatives - for example, UN-PAAERD, the special session of the General Assembly on international economic co-operation, and the preparatory work for the new International Development Strategy - he expressed the hope that the links and relationships between these various programmes would be examined attentively by the LDCs, the donor countries and multilateral organizations. It would thus be possible to ensure that the interests and specific characteristics of the LDCs were taken fully into account.

154. Finally, in the context of the technical and political support which the Office of the Director-General was giving to the UNCTAD secretariat in preparation for the Paris Conference, he stated that an information meeting, based on the work of the Meeting of Experts and attended by the Secretary-General of UNCTAD, would be organized in New York on 19 June 1989. The Director-General hoped that the information meeting, as well as other similar meetings, would facilitate as broad and high-level a participation as possible in the examination of the conclusions reached by the Meeting of Governmental Experts.

C. Proceedings of the 10th (closing) plenary meeting

155. At the 10th (closing) plenary meeting, on 31 May 1989, the Chairman introduced the statement which he had submitted in A/CONF.147/DR/L.2 and Corr.1. He explained that, with the assistance of members of the Bureau, he had incorporated into this single document the summaries of the discussions in the two Working Groups, supplemented by a summary of the main points in the plenary debate. He therefore believed that this document broadly reflected the deliberations of the Meeting of Governmental Experts.

156. In the light of his discussions with members of the Bureau, it was his understanding that the meeting considered that the statement by the Chairman represented a good basis for future work by Governments, international agencies and the secretariat in preparation for the Paris Conference. He therefore proposed that this statement form part of the report of the Meeting of Governmental Experts to the Preparatory Committee in March 1990.

Action by the Meeting of Governmental Experts

157. The Meeting of Governmental Experts agreed to the proposal made by the Chairman. (For the text of the statement by the Chairman, see annex I below.)

Closing statements

158. The spokesman for the least developed countries (Bangladesh) complimented the Chairman for the statement he had submitted. At the close of the Meeting of Governmental Experts, the LDCs had mixed feelings. There had been a full discussion on the precarious economic situation in the LDCs, leading to greater awareness of the necessity for all parties to make a serious effort to overcome the current development impasse. However, although important conclusions were reached, many obvious practical and concrete measures were not seriously considered. In his own opening statement and in subsequent interventions in the Working Groups, the international support measures which would be of critical importance for the LDCs during the 1990s had been outlined clearly. Many of these suggestions had been reflected in the statement by the Chairman. Some important ones, however, had not. The LDCs therefore wished to reiterate the substantive aspects of these suggestions for reference and future consideration.

159. To begin with, he emphasized that all future support measures to help the LDCs during the 1990s should be based on the premise that their development problems were such that they could not be overcome by short-term programmes. In fact, all their development programmes should be compatible with their sustained long-term development objectives. Structural adjustment programmes, when considered necessary, should be tailored to the medium- and long-term development needs of individual LDCs and should be implemented in agreement with them. They also needed to take into account the problems inherent in the rigidities of the LDCs' economies and the need to back them up with an adequate flow of resources, increased market access and other relevant factors.

160. As the Chairman had rightly pointed out, insufficient external assistance to the LDCs was one of the prime factors for their slow growth during the 1980s. Restoration and acceleration of growth in the LDCs still required a substantial increase in official development assistance and there was thus an obvious need for ODA to move towards agreed targets. He urged that the projected total ODA requirements for the LDCs reflected in A/CONF.147/DR/2 be taken into account.

161. An alleviation of the unmanageable debt burden of LDCs should also be a high-priority measure in the 1990s. Debt cancellation and debt relief must be accepted as an essential element of support measures to LDCs. A realistic solution would entail a decisive reduction of the overall debt stock of the LDCs, including measures to cope with their multilateral and commercial debt. In this connection, the various concrete measures suggested by the LDCs in Working Group I should be taken into account in the preparations for the 1990 Conference.

162. Stabilization of commodity prices and adequate compensation to the LDCs for the shortfalls in their export earnings due to fluctuations were also essential to help growth in those countries. Entry into force of the Common Fund held out new possibilities in this regard. There was an acutely felt need to improve the quality of the existing compensatory finance schemes as well as their commodity and country coverage.

163. Market access was also vital to the LDCs' development. The LDCs hoped that, in the months ahead, concrete measures would be implemented in such areas as full duty-free treatment of their exports, exemption from quotas and ceilings, and use of simplified and flexible rules of origin.

164. The development problems of the LDCs were too serious and too many to be left to disparate and isolated action. The problems of the LDCs and their requirements for the 1990s were interrelated and should be tackled in their totality. There was also a need to agree on a new plan of action for the LDCs for the 1990s which would guide the collective endeavour to put the LDCs back on the path of sustained growth and development. With this global perspective in mind, he considered that the statement submitted by the Chairman contained a number of specific elements which would figure prominently in the movement towards this goal.

165. The spokesman for the OECD donor countries invited to the meeting (Denmark) felt that the frank and open discussion in the meeting had contributed to establishing important elements of the framework for the preparations for the Paris Conference in 1990. The success of the meeting could, to a large extent, be ascribed to the fact that participants had avoided politicizing the process of identifying the broad agenda for achieving self-sustained growth and accelerated development for the LDCs in the 1990s. In seeking to grasp the main thrust of the debate, the Chairman had submitted a comprehensive statement which reflected many, though not all, of the substantive points made in the debate, as well as the Chairman's assessment of the convergent and divergent views. Even if not all delegations subscribed to all the elements therein, the Chairman's statement, together with the other parts of the report of this meeting, would serve as an important input in the further preparatory process.

166. He recognized that to synthesize a great number of statements relating to a broad range of subjects was necessarily a selective process. He therefore wished to place on record the following points, which were of particular importance to many of the donor countries:

(a) The overall priority for the 1990s must be given to achieving broad-based, sustainable growth;

(b) This growth must be sustainable in ecological terms. The environmental problems already evident in a number of LDCs called for special efforts, at the national as well as international level;

(c) The need for structural adjustment programmes had rightly been emphasized by all participants. Market-oriented structural adjustment programmes carried out with the support of the multilateral institutions and the donor community as a whole must be seen as part of a long-term development approach. The structural adjustment process by itself was, in many ways, only a beginning, not the whole answer to the development challenge facing the least developed countries. In carrying out structural adjustment programmes, particular attention must be devoted to the problems of poverty and inequity and to the social impact of the programmes, especially on vulnerable groups;

(d) The close interrelationship between structural adjustment efforts and international measures to support and sustain such efforts was indicated by the prospects for additional resources - ODA as well as private flows - being directed towards the LDCs which made such efforts;

(e) Within all sectors of the economy, policies should be developed allowing private initiative and entrepreneurship to be instrumental in achieving growth. Existing barriers that hampered individual initiative, therefore, should be removed as part of any forward-looking strategy;

(f) There was considerable scope for further engaging both indigenous and other non-governmental organizations in the development process and in efforts directed towards alleviating severe poverty;

(g) Attainment of improved aid co-ordination, on the basis of national development priorities and plans, was important in order to achieve a more rational use of scarce resources and to increase the effectiveness of foreign assistance. Aid co-ordination, as well as increased efforts by LDCs themselves, would have a major role to play in mobilizing the required financial support from the international community over an extended period of time. LDCs could also derive benefits from increased co-operation with neighbouring countries or other developing countries.

167. He hoped that these remarks would be the subject of further reflection in the preparations for the Paris Conference. At this stage, the Meeting of Governmental Experts had merely identified the complexity of the problems that would have to be addressed at the meetings to come.

168. The spokesman for Group D (USSR) said that the Group D countries, whose main concern in participating in the meeting had been the qualitative preparation of the Second United Nations Conference on the Least Developed Countries, were pleased to note that much had been accomplished. The meeting had discussed in detail many vital issues relating to the LDCs' economic situation and had made a preliminary assessment of their development in the 1980s. Participants had given their views on the needs of the LDCs in the 1990s and on possible national and international measures aimed at further progressive socio-economic development in the LDCs. The meeting had thus fulfilled its mandate. Since the meeting was the first step in the preparations for the Conference, it had not set out to reach agreed conclusions on the issues under discussion. The variety of views reflected in the report of the meeting would be very helpful in future work on developing balanced and realistic measures designed to achieve progress in the LDCs. The statement submitted by the Chairman, in which he had given his interpretation of the discussions and outcome of the meeting - both in the plenary and in the two Working Groups - could, together with the report of the meeting, also be useful in future preparations for the Conference. Group D was ready to participate actively in those preparations.

169. The representative of Nepal reiterated the view of his delegation that an unhindered transit facility, in line with the SNPA (paragraph 55) and the Final Act of UNCTAD VII, was vital, inter alia, for the economic development of the land-locked LDCs. In the absence of such a facility, the whole

development effort would be in jeopardy. This had been underscored in the plenary statements and in the Working Groups, and he urged the meeting to give prominence to this aspect. At the same time, in view of the vulnerability of the economies of the land-locked LDCs, additional strategies and support measures within the framework of the SNPA should be envisaged for the 1990s. Since the statement of the Chairman made no mention of the need to focus on transit in the context of the land-locked LDCs, he called on the meeting to take note of the concern felt by all the land-locked LDCs on this matter and their hope that it would be included in the items to be discussed at the Preparatory Committee in March 1990.

170. The Deputy Secretary-General of UNCTAD said that the high level of the debate in the Meeting of Governmental Experts had found its due reflection in the statement submitted by the Chairman. The secretariat had expected that the meeting would give to delegations, to international agencies and to the secretariat the orientations necessary for a constructive preparation of the Paris Conference. Likewise, the secretariat had hoped that it would be possible to gather together a vast range of ideas, experience and proposals on all items under consideration. Both objectives had been fully attained. The statement by the Chairman, the debate in the plenary, and the work done by the two Working Groups provided a basis on which to build the agreement that would emerge from the Paris Conference. The deliberations had revealed a convergence of views on many questions that would facilitate that task. Divergencies had also emerged - some of them underlined in the other closing statements - which called for particular efforts. The secretariat would embark on the next stage of the work, leading up to the Preparatory Meeting in March 1990, with confidence, encouraged by the atmosphere that had prevailed in the Meeting of Governmental Experts and basing its preparations on the work of this meeting. He praised the Chairman for the manner in which he had guided the work of the meeting and for his personal commitment to the outcome.

Chapter II

ORGANIZATIONAL MATTERS

(a) Opening of the Meeting

171. The Meeting of Governmental Experts was opened on 22 May 1989 by the Secretary-General of UNCTAD, who made an opening statement (see paras. 3 et seq. above).

(b) Election of officers

(Agenda item 1)

172. At its 1st and 3rd plenary meetings, on 22 and 23 May 1989, the Meeting of Governmental Experts elected its Bureau as follows:

Chairman:	Mr. J.A. Sankey	(United Kingdom of Great Britain and Northern Ireland)
Vice-Chairmen:	Mr. K. Klompenhouwer	(Netherlands)
	Mr. H. Rashid	(Bangladesh)
	Mr. A. Twagirayezu	(Rwanda)
Rapporteur:	Mr. V. Pankov	(Union of Soviet Socialist Republics).

173. The meeting also decided to designate the Chairmen of the Working Groups (cf. section (c) below) from among the Vice-Chairmen of the meeting. Accordingly, the Chairmen of the Working Groups were as follows:

Working Group I: Mr. K. Klompenhouwer (Netherlands)

Working Group II: Mr. A. Twagirayezu (Rwanda).

(c) Adoption of the agenda and organization of the work of the Meeting

(Agenda item 2)

174. At its 1st plenary meeting, the Meeting of Governmental Experts adopted the provisional agenda drawn up by the UNCTAD secretariat (A/CONF.147/DR/1). The agenda for the meeting therefore read as follows:

1. Election of officers

2. Adoption of the agenda and organization of the work of the meeting

3. Assessment of progress in the socio-economic situation of the least developed countries during the 1980s in the light of ongoing national and international measures

4. Consideration of the requirements of the least developed countries that are of particular relevance to their development and that call for strengthened efforts during the 1990s

5. Consideration and identification of appropriate national and international measures for accelerating the development process in the least developed countries during the 1990s

6. Other business

7. Adoption of the report of the meeting to the Intergovernmental Group on the Least Developed Countries (Preparatory Committee for the Second United Nations Conference on the Least Developed Countries).

175. At the same meeting, the Meeting of Experts, noting the suggestions for the organization of its work in A/CONF.147/DR/CRP.1, decided to establish two working groups to consider the following issues of relevance to agenda items 3, 4 and 5:

Working Group I

- Growth, structural adjustment programmes and long-term development of LDCs;

- Resource requirements:

  (a) mobilization of domestic resources and external financial support including technical assistance;

  (b) LDCs' debt problems and debt relief;

  (c) aid modalities, utilization and effectiveness;

- Commodity issues, including compensatory finance;

- Market access;

- Aid co-ordination and other follow-up arrangements.

Working Group II

- Agricultural development, expansion of food supply and food security;

- Human resources, including population policies and promotion of women in development;

- Building up institutional and physical infrastructure;

- Rehabilitation and modernization of the economic base;

- The role of the enterprise sector;

- Environment and natural disasters.

176. The Chairman stated that the list of issues set out for each Working Group was an indicative list under which all relevant subjects, including matters relating to sustainable development, in accordance with General Assembly resolutions 42/186 and 42/187 and Economic and Social Council resolution 1988/69, might be raised. Moreover, the list would be applicable to the current meeting only.

(d) Attendance 1/

177. The following States members of UNCTAD were represented at the meeting: Afghanistan; Australia; Austria; Bangladesh; Belgium; Benin; Bhutan; Botswana; Bulgaria; Burkina Faso; Burma; Burundi; Canada; Cape Verde; Central African Republic; Chad; Comoros; Czechoslovakia; Democratic Yemen; Denmark; Djibouti; Equatorial Guinea; Ethiopia; Finland; France; Gambia; German Democratic Republic; Germany, Federal Republic of; Guinea; Guinea-Bissau; Haiti; Hungary; Ireland; Italy; Japan; Kiribati; Lao People's Democratic Republic; Lesotho; Malawi; Maldives; Mali; Mauritania; Mozambique; Nepal; Netherlands; Niger; Norway; Poland; Rwanda; Samoa; Sao Tome and Principe; Sierra Leone; Somalia; Spain; Sudan; Sweden; Switzerland; Togo; Uganda; Union of Soviet Socialist Republics; United Kingdom of Great Britain and Northern Ireland; United Republic of Tanzania; United States of America; Vanuatu; Yemen.

178. Other State member of UNCTAD participating in the meeting: China.

179. Other States members of UNCTAD present at the meeting: Argentina; Bolivia; Brazil; Egypt; Gabon; Iran (Islamic Republic of); Malaysia; Philippines; Senegal; Yugoslavia; Zimbabwe.

180. The Office of the Director-General for Development and International Economic Co-operation; Economic Commission for Africa; Economic and Social Commission for Western Asia; United Nations Children's Fund; United Nations Development Programme; United Nations Capital Development Fund; World Food Programme (Joint United Nations/FAO); United Nations Fund for Population Activities were represented at the meeting. The International Trade Centre UNCTAD/GATT was also represented.

181. The following specialized and related agencies were represented at the meeting: International Labour Organisation; Food and Agriculture Organization of the United Nations; United Nations Educational, Scientific and Cultural Organization; World Health Organization; World Bank; International Monetary Fund; Universal Postal Union; World Meteorological Organization; United Nations Industrial Development Organization. The General Agreement on Tariffs and Trade was also represented.

182. The following intergovernmental organizations were represented at the meeting: Asian Development Bank; 2/ European Economic Community; Islamic Development Bank; Organisation for Economic Co-operation and Development; Organization of African Unity.

183. The following Institutions invited by the secretariat attended the meeting: Kuwait Fund for Arab Economic Development; Saudi Development Fund.

(e) Adoption of the report of the Meeting to the Intergovernmental Group on the Least Developed Countries (Preparatory Committee for the Second United Nations Conference on the Least Developed Countries)

(Agenda item 7)

184. At the 10th (closing) meeting, on 31 May 1989, the Rapporteur, introducing the draft report of the Meeting of Governmental Experts (A/CONF.147/DR/L.1 and Add.1-4), stated that the draft report reflected only the proceedings of the plenary meetings. He recalled that the summaries of the discussions which had taken place in the two Working Groups had been circulated to the meeting in the following separate documents:

Working Group I: A/CONF.147/DR/WG.1/CRP.1 and Add.1-3

Working Group II: A/CONF.147/DR/WG.2/CRP.1 and Add.1.

185. At the same meeting, the Meeting of Governmental Experts adopted the draft report on its session (A/CONF.147/DR/L.1 and Add.1-4), with a number of amendments, and authorized the Rapporteur to complete the final report as appropriate.

Notes

1/ For the list of participants, see A/CONF.147/DR/INF.1.

2/ Specially invited by the secretariat.

ANNEXES

Annex I

STATEMENT BY THE CHAIRMAN */

1. This Meeting of Governmental Experts from donor countries and of the least developed countries, together with representatives of financial and technical assistance institutions, was convened by the United Nations General Assembly in its resolution 42/177 of 11 December 1987. The meeting constituted an important phase in the process which will continue with the session of the Preparatory Committee in spring 1990 and will culminate in the Second United Nations Conference on the Least Developed Countries in Paris in September 1990. The terms of reference, annexed to the same resolution, were to assess progress in the socio-economic situation in the LDCs since the adoption of the Substantial New Programme of Action in 1981; to consider the requirements of the LDCs during the 1990s; to identify appropriate national and international measures to accelerate the development of the LDCs during the 1990s; and to report the results of our deliberations to the Second United Nations Conference on the Least Developed Countries through the Preparatory Committee.

2. We decided at the outset of our work to debate the broad issues referred to above in plenary session, and to entrust detailed examination of specific issues to two Working Groups. One of these considered: growth, structural adjustment, long-term development of LDCs; resource requirements, (mobilization of domestic resources and external financial support including technical assistance, LDCs debt problems and debt relief and aid modalities, utilization and effectiveness); commodity issues, including compensatory finance; market access; and aid co-ordination and other follow-up arrangements. The other considered agricultural development, expansion of food supply and food security; human resources, including population policies and the promotion of women in development; building up the institutional and physical infrastructure; rehabilitation and modernization of the economic base; the role of the enterprise sector; and the environment and natural disasters. Both Groups were authorized to consider all relevant subjects, including sustainable development, in accordance with the appropriate General Assembly and ECOSOC resolutions.

3. There was a high-level of representation at this meeting and a most active participation by delegates in all aspects of our work. Fifty-six representatives spoke in the Plenary debate, and there were lively and well-informed debates on a wide range of issues in the two Working Groups. The two Chairmen of these Groups reported to me that, while there were naturally differences of emphasis (and indeed of substance) in certain areas,

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*/ In connection with the "Statement by the Chairman", see paragraphs 155-157 above. Originally circulated to the Meeting of Governmental Experts in A/CONF.147/DR/L.2 and Corr.1, this statement was subsequently reissued in A/CONF.147/DR/L.2/Rev.1.

there was nevertheless a broad measure of agreement on the three main topics entrusted to us by the General Assembly i.e. the assessment of progress during the 1980s, the likely requirements of the 1990s and the national and international measures needed. The two Chairmen kindly provided me with an informal summary of the discussions in the two Working Groups; and on the basis of these summaries, supplemented by a summary of the main points made in the Plenary debate by the secretariat, I ventured to prepare, on my own authority, a summing-up of our deliberations. I realize that not all delegations will necessarily subscribe to all the points made. But if this summing-up commends itself generally to distinguished delegates, I hope that it can constitute part of the report to the Preparatory Committee which we have been asked to submit by General Assembly resolution 42/177.

4. First, I shall turn to the assessment of progress in the socio-economic situation of the LDCs during the 1980s in the light of ongoing national and international measures.

I. ASSESSMENT OF THE SOCIO-ECONOMIC SITUATION IN THE 1980s

5. I believe that a consensus has emerged that the social and economic situation of the LDCs worsened during the 1980s. While a few LDCs were able to report a relatively encouraging growth in per capita GDP, the majority had rates of GDP growth below population growth or even recorded negative growth.

6. There was also a broad consensus on the many factors which contributed to this unfortunate state of affairs. These included adverse external conditions (such as depressed commodity prices, difficulty of access to markets, insufficient aid flows, fall in private investment) and national problems (such as political instability, natural and/or man-made disasters, difficulty in adopting realistic structural adjustment programmes, or failure of such programmes to produce expected results).

A. Growth, structural adjustment and the long-term development of LDCs

7. It was noted that for many of the LDCs only one or two sectors contributed to economic growth, domestic revenue and foreign exchange earnings, thus rendering their economies heavily dependent, and vulnerable to adverse changes in the international economy. LDCs therefore needed to be helped in their efforts for economic diversification to achieve broad-based growth. Many LDCs noted that they had introduced structural adjustment programmes, usually in agreement with the IMF and/or the World Bank, in order to achieve short-term economic stabilization and to promote long-term development. While a number of these programmes had only recently come into effect, and while the benefits of earlier programmes had yet to be fully evaluated, their success rate in the 1980s has so far been mixed.

8. A number of reasons were advanced for this. They included: (a) failure to take account of the specific developmental characteristics of individual LDCs; (b) too much emphasis on measures to restore economic and financial stability, and too little on the need to maintain an essential minimum of investment in key areas; (c) attempting to implement programmes in too short

a time-frame; (d) neglect of social considerations (the human face) and (e) inability of aid donors (multilateral and/or bilateral) to provide adequate finance.

9. It was recognized that these policies of structural adjustment were needed but that their design could be further improved. Donors, recipients, multilateral agencies and financial institutions all shared this perspective.

B. Resource requirements

10. Although each LDC had sovereign responsibility for its own development, external resources would continue to be essential. A feature of our debate was not only the appreciation expressed by representatives of LDCs for the assistance given during the 1980s by bilateral and multilateral donors, but also the readiness of the latter to acknowledge that the amount of aid given was not always as large or as effective as they would have wished. Among the problems identified by donors and/or recipients were cumbersome procedures, protracted negotations, failure to identify or agree on priorities, too much tied aid, difficulty of meeting local costs and insufficient use of local products or skills.

11. It was observed that the establishment of the Country Review Mechanism was a major achievement of the SNPA. Other improvements were the extension of the time horizon and the inclusion of social considerations in the World Bank Consultative Group process.

12. The new Round Table format was also welcomed, and the policy dialogue at Round Table meetings had led to a better understanding of LDC policy frameworks and a better appreciation of their development assistance needs.

C. LDCs' debt problems and debt relief

13. There was also a broad measure of agreement that external debt was a major problem for most LDCs during the 1980s. Although many Government donors had cancelled official debt by means of retroactive terms of adjustment, some had not; and debt service obligations to multilateral institutions, which were not permitted by their constitutions to write off debts, constituted a considerable burden on LDCs. The absence of any agreed scheme for the reduction of debt to private (commercial) creditors was a further problem.

D. Commodities, compensatory finance and market access

14. There was general agreement that the fluctuation of commodity prices in the 1980s had been particularly detrimental to the economy of the LDCs in view of their heavy dependence on the export of primary commodities. Existing compensatory financing schemes helped to reduce the adverse impact on LDCs economies, but some commodities and LDCs were not covered by such schemes.

E. Agriculture

15. It was generally recognized that certain LDC exports (especially textiles, vegetable oils, tobacco and sugar) faced tariff and non-tariff barriers in various parts of the world. Other problems identified were the fact that some LDCs were excluded by certain importing countries from the full benefits of the Generalized System of Preference (GSP) and the "Special measures in favour of LDCs" adopted at the Tokyo Round. In addition, more than 15 per cent of LDC exports were subject to various non-tariff measures, especially clothing. Many LDCs lacked the expertise fully to understand and thus to derive full benefit from the various schemes. Others, while aware that their products could find additional markets, lacked the resources to improve the quality and appearance of such products to the required standard.

16. Agriculture, the most important sector of the economies of the LDCs, played a key role in providing employment and generating export revenues and the raw materials for industry. While some progress was noted, agricultural performance during the 1980s was generally disappointing. The reasons for this included natural disasters (flood, drought, locusts); bottle-necks in transport, seeds and fertilizers; shortage of credit; and inadequate market and price policies. The adverse terms of trade and obstacles to market access were a serious deterrent to agricultural production and diversification.

F. Human resources

17. There was a widespread feeling that insufficient attention had been given to the development of human resources in the LDCs during the 1980s. Experience during the 1980s underscored the importance of adequate participation in the decision-making process at all levels. Development schemes, including those forming part of structural adjustment programmes, had not adopted an integrated approach to health, education and employment creation. Cuts in public expenditure, usually an important feature of Structural Adjustment programmes, had adversely affected education, health care, employment prospects, and had frequently weighed hardest on the most vulnerable groups (children, the aged, the rural and urban poor).

G. Environment and natural disasters

18. There was no disagreement on the fact that the LDCs had been particularly vulnerable to environmental factors in the 1980s. Man-made problems, such as deforestation, desertification, soil erosion, dumping of toxic waste and depredation of wildlife had an impact on all LDCs to a greater or lesser extent. Many delegations pointed to the relationship between poverty and the rate of environmental degradation. It was felt that insufficient attention had been given in the 1980s to environmental factors in the context of the objective of sustainable development. In particular, the people of the LDCs had not been made sufficiently aware of the issues at stake, particularly in rural areas. Where natural disasters were concerned, immediate relief efforts and medium-term rehabilitation work were not always fully integrated with the requirements of long-term development.

H. Institutional and physical infrastructure; rehabilitation and modernization of the economic base

19. It was agreed that resource constraints had placed serious limitations on the development of the institutional and physical infrastructure of the LDCs. The movement of rural population to the towns created additional problems. Some LDCs had begun decentralization programmes at the village and district levels, and administrative reforms had been launched to revitalize public sector operations and staffing.

20. The 1980s saw a considerable decline and decay of the limited and painfully accumulated assets of many LDCs, with reduced earnings from commodity exports having adverse effects on industrial projects.

I. The enterprise sector

21. Many LDCs noted that the enterprise sector was playing an increasing role in their economies and in mobilizing new productive activities and employment opportunities. Over-expansion of the public sector, excessive State regulation and intervention in the past in many LDCs, had sometimes stifled private initiative and competition and led to drains on public financial resources through subsidies of inefficient parastatals. Attempts to enhance market competition and to prevent monopoly situations were not always successful.

22. A number of LDCs had launched programmes of divestiture (including privatization of assets and management) but had encountered constraints due to the small size of the investing public and the undeveloped nature of equity markets, associated with the low level of domestic savings. Privatization of large public enterprises in LDCs had been further inhibited by the limited financial and management capacity of the private sector.

II. MEASURES FOR ACCELERATING DEVELOPMENT IN THE 1990s

23. Following this assessment of the socio-economic situation in the LDCs in the 1980s, I now turn to the requirements of the LDCs during the 1990s, and the identification of appropriate national and international measures for accelerating the development process in the same time-frame. We must now consider the tasks which we (donors and LDCs alike) face in the next decade, and consider the many constructive ideas that have emerged from our discussions to meet this challenge.

A. Growth, structural adjustment and long-term development of the LDCs

(a) General

24. There was a broad consensus that structural adjustment programmes contribute to growth and development and increase the capacity of LDCs to survive external shocks. Structural adjustment is a continuous process of transformation and forms a central feature of the economies of those LDCs

which have undertaken such programmes as part of their long-term plans for development. The primary responsibility for planning, growth and development programmes lay with the LDCs themselves.

(b) National and international measures

25. There was general agreement that the following factors would contribute towards successful structural adjustment programmes:

(i) Mutual agreement of the programme by the LDCs and the financial institutions concerned, and full recognition of the specific development characteristics of individual LDCs;

(ii) All measures to achieve and maintain economic and financial stability should be compatible with provisions for medium- and long-term growth and development, and should maintain an essential minimum of productive investment in key areas;

(iii) Time-frames for the total lengths of programmes should be extended, with phased implementation of measures to avoid undue disruption of the economy;

(iv) Full account should be taken of domestic supply constraints, including the nature of the domestic enterprise sector and/or the informal sector;

(v) The objectives should include mobilizing domestic resources, diversification, expansion of exports and improved income distribution;

(vi) "Adjustment and development with a human face" should be a priority.

26. A sustainable structural adjustment programme should be accompanied by the provision of adequate resources both in volume, quality, and in respect of repayment terms. Debt reduction and/or conversion should be included. But success will also depend on the determination of the recipient country to adopt appropriate domestic policies. All this calls for a joint effort from, and close co-ordination between, the international financial institutions, bilteral and multilateral donors, and the recipient country.

B. Resource requirements and aid modalities

(a) General

27. There is general agreement that in order to achieve the objectives of structural adjustment programmes outlined above and in order to cater for the long-term development for LDCs, a significant mobilization of additional financial resources, both domestic and external, is called for.

28. There exists a fundamental link between efforts to increase domestic savings to achieve self-sustained growth in the long term, and the provision of additional financial support which should in principle be seen as a

temporary measure. A too prolonged dependence on aid should be avoided. Foreign assistance should be instrumental to domestic growth and hence to an increase in domestic savings.

29. Realistically designed and implemented domestic policies are the key to attracting the indispensable financial flows, in particular private flows such as foreign direct investment and the return of flight capital. However, it was also recognized that in the case of LDCs it will take considerable time before these policies - however well designed and implemented - would achieve the desired results. Consequently in the meantime financing from ODA and non-commercial sources will be necessary to overcome the persistent problems and rigidities in the LDC economies standing in the way of an increase of private saving and investment rates. Since even in the case of vigorous adjustment policies, LDCs will not be able to raise sufficient financing internally, there will be need for financial support from the international community over an extended period.

30. The increasing variety and complexity of aid channels and instruments, and resulting administrative burden on LDCs, will enhance the importance of aid co-ordination overall, and of donor support for LDCs national planning and implementation capacities. Regular and/or more frequent Round Table meetings and consultative groups, together with UNDP/NATCAP and the Management Development Programme, would have a key role in assisting LDCs to direct, manage and control their aid programmes. Co-ordination of United Nations assistance both at the international and national level is also important.

(b) National measures

31. There was wide agreement that Governments of LDCs should endeavour to take the following measures:

(i) Adopt sound financial policies and management principles over the whole range of Government expenditure including enterprises in the public sector (parastatals);

(ii) Establish and/or expand local financial institutions (e.g. savings banks) to mobilize private savings, and provide incentives to stimulate savings, avoid capital flight and encourage the repatriation of capital;

(iii) Ensure a monetary policy conducive to price stability and confidence, provide investment guarantees and joint financing facilities, and broaden the tax base (without discouraging saving and investment);

(iv) Identify and reduce bottle-necks in the follow-up to Round Table and consultative group meetings.

(c) International measures

32. It was agreed that quick disbursing foreign assistance should be directed at sectors given priority status in the framework of structural adjustment

programmes and national development plans. Donors should avoid cumbersome procedures and protracted negotiations, and the conditions of assistance should be adjusted to the specific situation of the receiving LDC.

33. Increasing the effectiveness of foreign assistance remains a top priority. Measures to that end should include:

- A higher proportion of untied aid with a view to achieving greater cost effectiveness;

- The use of output indicators for foreign assistance;

- Simplification and standardization of procurement (including tendering) and disbursement procedures;

- Increased grant element in financial assistance packages, coupled with a financially sound and careful use of the resources concerned;

- Greater use of revolving funds as well as the traditional loans or grants;

- In all ODA-funded procurements local enterprises should be given preference over others;

- Full use of existing multilateral and bilateral mechanisms for providing small-scale technical and financial assistance;

- Improved co-ordination of all incoming aid;

- Joint programming by donors; donors should also consider multi-year programming of their assistance in order to improve predictability;

- Improvement of monitoring systems to cover not only the policy action taken to implement adjustment and development programmes but also donor commitments and the recipient country's evolving financial requirements, in the light of economic developments and the evolution of living standards.

34. In the light of the character of the present meeting it was too early to decide on the exact ways and means (such as ODA-targets, targets for increments in domestic savings, time-frames, burden sharing) and the desired mix (ODA, debt reduction, private flows) with respect to the international financial support for the LDCs in the 1990s. Detailed proposals on this subject should be submitted, through the Preparatory Committee meeting in March 1990, to the Paris Conference for consideration. Those countries favouring alternative approaches to mobilizing international financial support were requested to table their proposals equally in due time. It was noted that co-financing of programmes and projects of multilateral institutions could be an effective means to mobilize additional financial support from bilateral and other donors. All delegations recognized the need for concrete and practical results in this regard during the Paris Conference.

35. The question of absorptive capacity was extensively discussed and there was a general view that it is a problem inherent to development, which should be tackled by providing sufficient and appropriate technical and management assistance to LDCs. The existence of temporary limits to absorptive capacity should not constitute a basis for a restrictive approach to the provision of assistance, but only as a practical barrier which should be reduced.

C. Debt problems and debt relief

(i) General

36. There was general agreement that many LDCs faced serious debt-servicing difficulties and that this would consitute a major hindrance to their development plans in the 1990s. The debt burden continues to be a major problem for most LDCs, and thus has a serious impact on vulnerable groups (the poor, children etc.).

(ii) National and international measures

37. Several delegations pointed out that the major responsibility for tackling the question of debt-relief lay with the international financial institutions and other groupings such as the "London" and "Paris" Clubs. Against this background, there was a widespread feeling that the following measures deserved serious consideration by those concerned:

(i) More comprehensive implementation of UNCTAD resolution 165 (S-IX) in respect of writing-off ODA debt;

(ii) Feasibility of recycling the repayment of ODA debt into new assistance;

(iii) Possible ways of alternating the burden of debt service obligations to the multilateral institutions themselves;

(iv) Greater use of the so-called Toronto options both by widening eligibility to include non-African LDCs and by encouraging participation in the scheme by more creditor Governments;

(v) On commercial debt, practicability of buy-back and conversion schemes (including "debt for nature" swaps) to reduce debt to private (bank) creditors, including possible use of funds from international financial institutions for this purpose;

(vi) Application to LDCs of the recent revisions in the debt strategy, involving IMF/IBRD support for debt and debt-service reduction.

D. Commodities, compensatory finance and market access

(i) General

38. It was agreed that the excessive dependence of many LDCs on the production and export of one or two commodities would remain a serious

constraint on their development in the 1990s. It was therefore suggested that the LDCs should endeavour to reduce their dependence on commodity trade, as prospects for such trade appear to be poor. It was generally felt that the commodity problems of the LDCs called for a combination of various measures.

39. Many felt that to alleviate the losses that LDCs incurred as a result of export earning shortfalls existing compensatory financing schemes had a major role to play as a short term measure to absorb shocks. It was proposed that consideration might be given by non-EEC members to set up, for the LDCs, schemes similar to STABEX, and that the IMF/CCFF facility would become more concessional for LDCs.

40. Some delegations, however, expressed the view that compensatory finance schemes could have harmful effects when they allowed the continued production of goods for which long-term prospects were not encouraging. Other delegations noted that diversification required a long term effort for LDCs, so that, for the short term there remained a need for compensatory finance to absorb shocks and avoid disruption. In their view there was also a need for measures for improved processing marketing and distribution and increased competitiveness of existing commodities. Diversification remained all the same a crucial objective.

(b) National measures

41. It was generally felt that LDCs should endeavour to reduce their dependence on the commodity trade. At the same time, they should take steps to improve processing, marketing, distribution and competitiveness of existing commodities. The second window of the Common Fund should provide opportunities to the LDCs in this regard.

42. Although export performance depended on appropriate domestic macro-economic and exchange rate policies, exports could be further promoted through an improvement of the quality and appearance of products, by using appropriate advertising techniques, by developing other non-traditional exports and, more importantly, by improving management. Such export promotion was not only relevant to developed country markets but also to markets of neighbouring States or States forming part of economic integration groupings. The pivotal role that ITC could play in this respect was recognized.

43. LDCs non-members of GATT were informed that the GATT Sub-Committee on trade of LDCs was also open to them and provided an opportunity to follow progress in GATT, and the Uruguay Round at large.

44. LDCs members of GATT were encouraged to submit more specific proposals to the relevant negotiating groups of the Uruguay Round in particular the negotiating groups on tariffs and on non-tariff measures. All agreed that, in order to enable LDCs to derive maximum benefits from the Uruguay Round, technical assistance should be continued to assist them in making such proposals.

45. It was further noted that LDCs had not derived full benefits of existing GSP schemes. In order to enhance their ability to use such schemes, technical assistance should be continued in this field as well.

(c) International measures

46. The meeting took note of the establishment of the United Nations Secretary-General's Expert Group on African Commodity Problems, and noted with appreciation that the former Australian Prime Minister, Mr. Malcolm Fraser, had accepted to chair this Group. It was hoped that this Group would make important recommendations which could help to tackle the commodity problems of African LDCs.

47. Donor countries were asked to note that access of LDC products continued to face certain tariff and non-tariff barriers, and attention was drawn more generally to the close relationship between diversification opportunities and market access conditions. There was room for improvement of GSP schemes with respect to their coverage, scope and their sometimes complex and restrictive operation. Special flexibility was required in the application of rules of origin in the case of LDCs. More stability of GSP schemes was also desired.

48. Concern was also expressed about the eventual erosion of the LDC margin of preference as a result of trade liberalization on most favoured nation basis. Reference was further made to a proposal aiming at special treatment in favour of LDCs that had been tabled before the GATT Sub-Committee on trade of LDCs, and which is presently under consideration in the Uruguay Round. One representative indicated that his authorities were now preparing proposals for the Uruguay Round which would specifically benefit LDCs.

49. It was suggested that technical assistance could be provided to rationalize imports with a view to saving foreign exchange expenses. With respect to food imports the idea was ventured that untying of food aid could in principle have positive effects in that it might allow LDCs to use relevant funds to buy the food from each other, thereby improving export performance and foreign exchange earnings.

E. Agriculture

(a) General

50. It was agreed that agriculture would continue to be the predominant sector in all LDCs during the 1990s. Modernization of agricultural production, food self-reliance and food security were identified as deserving particular attention.

51. It was emphasized that the market and price mechanism is a major factor in influencing agricultural production and output in general, as well as in facilitating the distribution and marketing of food from surplus to deficit regions. Hence the importance of enabling such a mechanism to play its role.

52. There was widespread recognition that agricultural research is crucial for the enhancement of agricultural development, and that the long gestation period needed for the benefits of research to bear fruit calls for long term and sustained support for this endeavour.

(b) National measures

53. Diversification of the agricultural base through development of horticulture, fisheries, livestock and forestry remains crucial for enhancing the purchasing power of farmers, for augmenting the supply of protein to nutritional intake and for ensuring export diversification and expansion. Attention was drawn to the need for LDCs carefully to consider introducing or accentuating some selectivity in favour of food production as compared to export expansion.

54. Land reform, the promotion of grass-roots activities, increased access to food by the poor, the strengthening of the physical infrastructure - in particular as regards storage facilities, the processing and consumption of locally produced food, the rural-urban transport and communications network, and the supply of inputs and fertilizers - the expansion of agricultural credit, and the combating of environmental problems, are areas where stronger efforts need to be made in regard to agricultural development. To be effective, these policies need to be consistently applied and followed.

55. In a departure from past practice of emphasizing large-scale agricultural projects, a number of LDCs are now giving priority to smaller-scale projects at the village level. Foreign and indigenous NGOs, with their grass-roots approach, close involvement with rural communities and flexible structures, have made a particularly important contribution to rural development. There was thus a need to find ways of integrating fully the efforts of NGOs into national development strategies without infringement on their autonomy and flexibiity.

(c) International measures

56. The need for a supportive external environment was emphasized. Improvements in the LDCs' terms of trade, better market access to major import markets and, last but not least, adequate external flows to support agricultural development, were mentioned as key objectives whose attainment requires the full co-operation of the entire international community. In addition, project support in the area of agricultural development should be granted on a continuing basis.

57. It was stressed that new policy directions concerning agricultural development deserve to be explored in the preparation for the 1990 Conference, while recognizing that the SNPA remains a valid policy reference.

F. Human resources

(a) General

58. The development of human resources, including population policies and the promotion of women in development, is an essential prerequisite for the socio-economic development of the LDCs. Many objectives in this regard set out in the SNPA continue to be valid as they still remain to be implemented. Shortcomings in the realization of components of the SNPA related to the promotion of human resources have indeed impaired the fulfilment of the Programme as a whole.

59. Different views emerged with regard to population policies. Some delegations expressed concern at the growth of population in the LDCs, which was rising at alarming rates. Larger funds should therefore be allocated to family planning programmes. Other delegations held the view that population density is a relative concept and that, not the population growth as such, but the mismatch between such growth and that of production is at the root of the population problem confronted by the LDCs. It was therefore in their view necessary to attract more investment aimed at creating employment and generating economic growth. Several delegations mentioned the role of NGOs and of the private sector in general in family planning programmes.

(b) National measures

60. The people in the LDCs are both actors in and beneficiaries of the socio-economic development in their countries. Their profound motivation and broadest participation in the decision-making process at all levels is therefore indispensable for the success of development efforts. Measures to improve health and education standards as well as employment opportunities, were favoured as a principal policy recommendation for the 1990s. In so doing, the cultural and historical diversity of the LDCs has to be duly taken into account.

61. The significant contribution made by women to the development process of the LDCs was widely emphasized. Women play a vital role in productive sectors and in social services and should be encouraged and remunerated appropriately, as well as at the household level. All these types of activities should be better reflected in macro-economic accounting and policy-making. The enhancement of the role of women in the LDCs should thus be a major aspect of the preparatory work and of the Conference itself. Some delegations pointed out that further studies should be carried out with a view to integrating women more fully in the development process of the LDCs.

(c) International measures

62. The donor community was invited to note that fiscal, wage and monetary policies embodied in structural adjustment programmes could have adverse effects on the development of human resources and of social services. Fiscal priorities should be reviewed to minimize cuts in public expenditure on education and health care, and to see that austerity measures do not diminish

employment possibilities and career prospects in the public sector, thus making it more difficult for school-leavers to find adequate employment. At all times, there would be need to better protect the most vulnerable groups, i.e. children, women, the aged and the rural and urban poor, from the deleterious effects of structural adjustment measures.

63. As the low levels of education and qualification in the LDCs were a major obstacle towards tapping the human resource potential of the LDCs, the institutional capacity of the LDCs to provide education and training to their people should be strengthened. Education should be more oriented towards the development needs of the LDCs, greater importance given to primary education, particularly in rural areas. Textbooks, teaching skills and curricula should be upgraded and brought in line with development needs. Of equal importance is the promotion of professional and vocational training and the need to develop technical skills and managerial capacities, inter alia through on-the-job training programmes. Furthermore, appropriate incentives should be provided for skilled labour to return to (or to remain in) the LDCs.

G. Environment and natural disasters

(a) General

64. A coherent strategy for development which is sustainable in both economic and ecological terms has to take into account the environmental dimension of social change and economic growth. In addition to measures aimed at coping with natural disasters, high priority should be accorded to policies preventing negative impacts on the natural environment.

65. Different views emerged as regards the extent to which LDCs should bear the costs inherent to environment protection. Some delegations drew attention to LDC's financial constraints and most immediate development objectives, all of which tend to place limitations on their ability to bear such costs. These delegations further expressed concern over the possibility that environmental considerations might be used by donors to increase conditionality related to their external assistance, and that environmental costs might be transferred to LDCs via new technologies. Other delegations argued that the incorporation of environmental protection costs was indispensable in order to obtain long-term sustainable development and that, therefore, it was in the interest of the LDCs themselves adequately to reflect this objective in the operation of their economies. Some delegations considered that external assistance should be granted to these countries to help them cope with the environmental protection costs. This is even more so if account is taken of the fact that many of the current environmental problems have a world-wide dimension.

(b) National measures

66. The effective protection of the natural environment in the LDCs requires the mobilization of the whole population, particularly that of the rural areas. In this regard, the need to enhance people's understanding of the issues at stake and to build up LDCs' capacities for identifying environmental problems, assessing the impact of economic activities on the environment, preparing national conservation strategies and for disseminating information

at all levels related to environmental issues, was stressed. Furthermore, national early warning and forecasting mechanisms should be strengthened.

(c) International measures

67. The allocation of funds for relief operations to overcome the devastating consequences of natural disasters should be increased. Emergency assistance should be provided quickly and in the most efficient manner. Relief efforts, rehabilitation work and actions to prevent adverse impact on the environment should go hand in hand so as to pave the way for long-term development.

H. Institutional and physical infrastructure, rehabilitation and modernization of the economic base

(a) General

68. It was agreed that the inadequacy and fragility of physical and institutional infrastructure remained a major obstacle for LDC development. Infrastructural development was therefore crucial for all LDCs and in particular for the land-locked and island LDCs.

69. As regards physical infrastructure, well-developed transportation and feeder networks were prerequisites for integrating rural communities into the mainstream of economic activities and thus arresting urban immigration.

70. Financing of infrastructural investments required external support from concessional and non-concessional sources, and attention would need to be given to the creation of a positive policy environment for promoting private and foreign direct investment flows. The mobilization of resources for infrastructural projects through conversion of debt into local currency should also be explored. To ensure post-project sustainability, attention would need to be given to adequate maintenance of physical infrastructure and to recurrent cost implications.

71. It was agreed that the rehabilitation and modernization of the economic base constituted a crucial development objective for all LDCs. The maintenance and development of industrial capacity and the transfer and adaptation of modern technology were singled out in this regard.

72. The decline and decay of the industrial assets should be halted, and maintenance of existing capital stocks accorded high priority during the 1990s. Rehabilitation measures should be concentrated on enterprises which have viable long-term prospects even under relatively unfavorable conditions. Furthermore, resources for maintenance work and maintenance training should become an integral part of donor-funded development projects.

(b) National measures

73. Institutional development was vital in ensuring the full utilization of the leadership and management capabilities of LDCs, and in enhancing policy and resource management and mobilization capacities. Areas emphasized

included the mobilization of the local population, the encouragement of domestic savings, and the establishment of mechanisms for alleviating the social costs of austerity programmes on vulnerable groups.

74. Decentralization of the institutional and decision-making system would ensure greater local, and in particular rural, involvement (in and commitment to) such activities, along with more expeditious delivery of public services, while relieving administrative bottle-necks in central authorities. Measures to strengthen institutions must be complemented by appropriate incentives and career structures to attract and retain trained and qualified staff, while guarding against overmanning. Policy mandates and priorities for public institutions, and linkages between public and private sector institutions, will need to be closely tailored to the cultural and social reality of the LDCs.

75. Prior to decisions on new investments, industrial development priorities should be reassessed in the light of the medium-term overall outlook. Industrialization policies should be reoriented from the promotion of large-scale, capital-intensive units to industries using indigenous labour and local materials. The processing of agricultural commodities was highlighted in the context of an industrial development strategy.

(c) International measures

76. Closer donor co-ordination and the harmonization and simplification of different donor approaches in the provision of external assistance could play a greater role in economizing on scarce administrative capacities in LDCs. Technical assistance would be needed to strengthen vocational and technical training institutes in LDCs and to promote the transfer of technology. Attention should be given to regional co-operation and co-ordination in infrastructural and institutional development, and the possibilities for establishing regional-based training and technical institutes will need to be explored.

77. Resource constraints in the LDCs accentuated the need for realistic scrutiny of public investment programmes, so as to ensure funding for projects of highest priority. The analytical resources available through the World Bank and consultative groups would play a vital role in this process.

78. The United Nations Capital Development Fund (UNCDF) was an effective institution in channelling grant assistance for infrastructural development, particularly at the grass-roots level. Ways and means would need to be found to strengthen the capital base of UNCDF to expand its role in LDCs during the 1990s. The need for the enhancement of the LDCs economic management capability was stressed. In this connection, the Special Measures Fund for the LDCs played a crucial role. It would have a key role in the 1990s.

79. More attention should be given to the promotion of medium-sized and small enterprises, particularly those that could supply both domestic and external markets. In this regard, the importance was stressed of a good economic climate, political stability, and appropriate monetary and fiscal policies, as well as a sound legal basis for creating confidence among potential domestic

and foreign investors. The role of the private sector in the modernization of the economic base of the LDCs needs to be facilitated through adequate incentives.

80. The transfer of technologies that respond to the development needs and the present stage of development of the LDCs was considered a key element in a strategy aimed at the modernization of their economic base. At the same time, indigenous managerial expertise and technical skills should be enhanced through on-the-job training courses. The potential of joint ventures, and the need for incentives such as supplementary wage payments for low-paid local experts, was recognized. In all these endeavours, an important role should be played by external assistance and NGOs.

I. The enterprise sector

(a) General

81. The importance of the private sector was emphasized, while recognizing that the parastatal sector had a role to play in the socio-economic development of the LDCs. Developing industries in LDCs should consider giving emphasis to private sector development so as to rationalize public budgets, improve economic efficiency and redress imbalances between the public and private sector. To the extent that privatization involved some transfer of assets to external ownership, any potential risk of loss of local control could be dealt with by appropriate legislation, rather than forthright prohibition. Successful privatization required full political commitment, careful planning and execution, attention to the social implications of labour redundancies, and enlisting of public support through educational programmes.

82. Privatization should not be regarded as panacea for LDC development but rather as an important ingredient of any policy to mobilize the potential of LDC economies. It could not assume overnight a pivotal role in the economic development of these countries. Neither, it was argued, was the imposition of Western models of privatization on LDCs appropriate. Liberalization should not be made a condition for the provision of aid. There was a need to be selective in privatization strategies to ensure that profit objectives do not prevail unduly over social priorities, and LDCs might prefer that natural monopolies such as those providing key social services (power, water, etc.) should remain within the public sector.

83. State intervention would often be necessary to undertake investments beyond the capacity of the private sector. A pragmatic approach was needed to balance public with private participation. In recognition that the public sector had an important role to play, more LDCs should initiate measures to improve financial, staffing, management and monitoring aspects of State enterprises. The establishment of clear objectives and policy guidelines was recognized to be fundamental for the effective functioning of public enterprises. In this connection, the role of technical assistance in the restructuring of public enterprises was stressed.

(b) National measures

84. Development of small- and medium-sized enterprises was recognized to be crucial in private sector development and in this connection ways and means should be examined to direct the energies of the informal sector into the mainstream of the national economy. The creation of a positive policy environment, including State guarantees on private property rights and measures to stimulate competition would generate a confident environment in which private initiative could thrive.

(c) International measures

85. It was widely recognized that enterprise development in LDCs would require donor assistance in establishing supportive physical and institutional infrastructure and in alleviating the social costs of privatization programmes. The importance of technical assistance, particularly to small entrepreneurs, in the identification of investment opportunities was also emphasized, as was the need for external financing for the training of entrepreneurs. The role of the International Trade Centre (ITC) in fostering export-oriented enterprises was recognized as was the importance of establishing one-stop agencies to which the private sector, domestic and foreign, could address their concerns.

86. In recognition of the active role of NGOs in the development of the enterprise sector, and the trend towards increased channelling of donor assistance through such agents, the enhancement of the co-operation between NGOs and the LDCs was recommended.

Annex II

CHECKLIST OF DOCUMENTS

A/CONF.147/DR/1		Annotated provisional agenda	
A/CONF.147/DR/2		Self-sustained growth and accelerated development for the least developed countries during the 1990s: issues for consideration Note by the UNCTAD secretariat	
A/CONF.147/DR.3		Contributions by organizations of the United Nations system: Note by the Conference secretariat	
A/CONF.147/DR/3/Add.1	*/	Review of economic and social development of the least developed countries in the Economic and Social Commission for Asia and the Pacific region in the 1980s and recommendations and proposals for the 1990s	ESCAP
"	Add.2 */	The GATT and the least developed countries	GATT
"	Add.3 */	A review of the manufacturing sector in the least developed countries - the implementation of SNPA in the eighties and proposals for further action	UNIDO
"	Add.4 */	A review of food and agriculture in the least developed countries in the 1980s	FAO
"	Add.5 */	Information on least developed countries	IMF
"	Add.6 */	Report on implementation by the International Maritime Organization of the SNPA for the 1980s for the least developed countries	IMO
"	Add.7 */	World Food Programme's contribution to SNPA review in preparation for the Conference	WFP

*/ Reproduced as received and in the language(s) of submission only.

A/CONF.147/DR/3/Add.8 */		Note on the ILO's contribution to the preparation for the Second United Nations Conference on the Least Developed Countries in 1990	ILO
"	Add.9 */	Role of transnational corporations in the least developed countries	UN Centre on Transnat. Corporations
"	Add.10 */	Development in the 1980s and proposals for the 1990s	UNDP
"	Add.11 */	International Fund for Agricultural Development's contribution to the preparation for the Second United Nations Conference on the Least Developed Countries, 1990	IFAD
"	Add.12 */	Contribution by the World Health Organization	WHO
"	Add.13 */	Contribution by the United Nations Fund for Population Activities	UNFPA
"	Add.14 */	Activities in the least developed countries	World Bank
"	Add.15 */	Review and analysis of the progress made in the implementation of the SNPA for the least developed countries in the ESCWA region	ESCWA
"	Add.16 */	Universal Postal Union action on behalf of the least developed countries	UPU
"	Add.17 */	International Trade Centre UNCTAD/GATT's contribution to the preparations for the Second United Nations Conference on the Least Developed Countries, 1990	ITC
"	Add.18 */	Regional assessment of the implementation of the SNPA in African least developed countries 1981-1988 and a framework on macro-economic policies and measures for the 1990s	ECA
A/CONF.147/DR/4		Cover note transmitting the Declaration by the Conference of Ministers of African Least Developed Countries	

Background documentation

UNCLDC II/1	Report of the Meeting of Eminent Persons on the Least Developed Countries (The Hague, 15-16 September 1988)
UNCLDC II/2	Report of the High-level Experts' Meeting on the Role of the Enterprise Sector in the Development of the Least Developed Countries (Helsinki, 4-6 April 1989)
TD/B/1202	The Least Developed Countries 1988 Report
TD/B/1078-TD/B/AC.17/28	Report of the Intergovernmental Group on the Least Developed Countries on its sixth session
A/CONF.104/22/Rev.1	Report of the United Nations Conference on the Least Developed Countries

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